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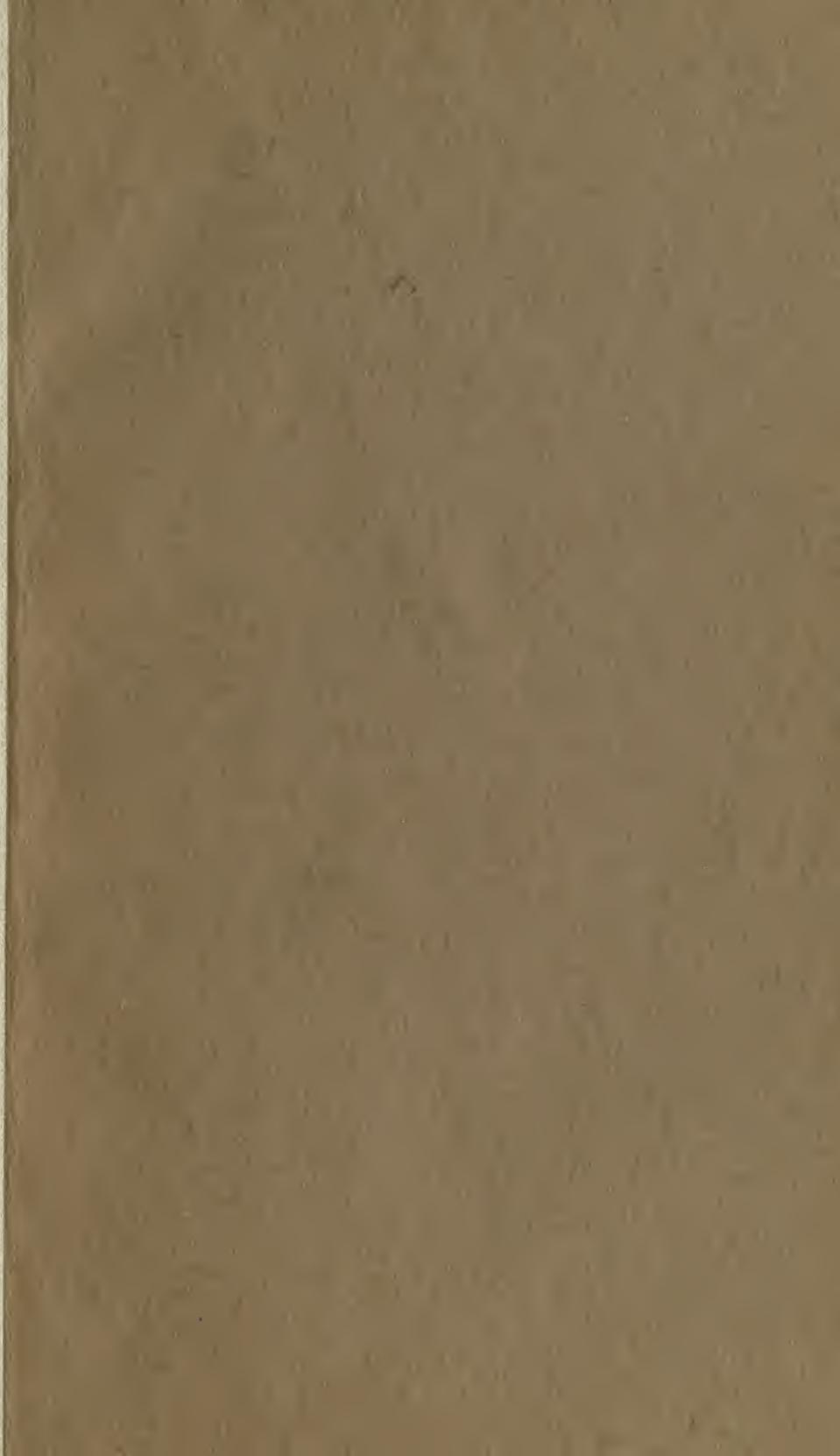
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Editor's Journal

[Price]

'37 AND '5

A BRIEF POPULAR ACCOUNT

OF ALL THE FINANCIAL

PANICS

AND COMMERCIAL

REVULSIONS

IN THE

UNITED STATES, FROM 1690 TO 1857 :

WITH

A MORE PARTICULAR HISTORY OF THE TWO
GREAT REVULSIONS OF

1837 AND 1857.

BY MEMBERS OF THE NEW-YORK PRESS.

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"advice," COPPERFIELD, "you know. Annual income—annual expenditure—nineteen, nineteen six; result—ha—come—twenty pounds. Annual expenditure—twenty pouix; result—misery. The blossom is blighted; the leaf is with god of day goes down upon the dreary scene, and, in short, you er floored."—MR. MICAWBER.

P R E F A C E.

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THE difficulties under which the whole country is at present laboring will be richly compensated if they should lead to such a renovation of our business system as shall prevent the recurrence of similar periods of panic and disaster.

To secure this most desirable end, it is, above all other things, necessary, that the causes of financial revulsions should be understood, and their incidents noted.

One of the objects of this little work is to aid the public in coming to correct conclusions on this momentous subject. It consists, first, of the FACTS of the different periods of revulsion in our history, compiled from the records of those periods. Secondly, we have presented a selection of the OPINIONS of eminent individuals respecting the causes of revulsion.

Other matters, of interest at the present moment, are appended and interspersed; the whole forming, we trust, a timely, interesting and useful compilation.

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Prof. Davis R. Dusay
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PANICS AND REVULSIONS.

CHAPTER I.

PANICS AND REVULSIONS PREVIOUS TO THE GREAT REVULSION OF 1837.

THE distinction between a Panic and a Revulsion in the commercial world, is obvious. A Panic is a pressure in the money market *without* adequate cause. A Revulsion, on the contrary, is pressure *with* adequate cause, and that cause invariably is a previous *Destruction of Value*. A national Revulsion is a national pay day. The nation has been drawing on the Future, and the Future dishonors the draft. The forcing process is then applied, widespread ruin is the result, and a long period of paralysis ensues.

THE REVULSION OF 1690.

We must go as far back as 1690 to find the origin of paper money in New England. In that year the pious and warlike colony of Massachusetts, in the excess of its loyalty to the mother country, and its hatred of catholic France, fitted out, at a prodigious expense, an expedition against Quebec. The expedition, commanded by Sir William Phipps, consisted of thirty-four vessels and seven thousand men. The forces reached Quebec in safety, but after landing, fighting two gallant actions, and bombarding the fortress, they were compelled to retire. On their return, eight of the largest ships were wrecked in the Gulf of St. Lawrence, and the expedition returned frustrated and disheartened. To defray the immense expenses (immense for that period), bills of credit were issued, which first initiated the colonies into the perilous channel of a paper currency. The other colonies followed the example, whenever an emergency arose. Very soon, the bills of credit depreciated in value, and produced, in time, great disaster to the infant commerce of the colonies. In New York, then a mere village, it required two dollars of paper to buy one dollar of silver. In Boston, the depreciation was fifty per cent.

THE REVULSION OF 1748.

In 1745, Massachusetts, ever ready for a tilt against the French, fitted out a most costly expedition against Louisburgh, a powerful fortress on the island of Cape Breton. The fortress was captured, and the expedition returned covered with glory. But the expense demanded a fresh issue of between two and three millions in bills of credit, which soon depreciated to an unprecedented and alarming extent. In the year 1748, it took eleven hundred pounds

in their paper to purchase one hundred pounds in gold or silver. The paper of all the colonies had wofully fallen in value. To procure a hundred pounds in specie, required

In Massachusetts' paper,	1100 pounds,
" New York "	190 "
" East Jersey "	190 "
" West Jersey "	180 "
" Pennsylvania "	180 "
" Maryland "	200 "
" Virginia "	125 "
" North Carolina "	1000 "
" South Carolina "	700 "

Such facts as these show the cause of the deep-rooted, and not yet eradicated antipathy of the American people to a paper currency of every description whatever. Thus early did they begin to attach an extravagant value to the possession of hard cash.

THE REVULSION OF 1780.

The Revolutionary war caused the greatest *destruction of value* which this country has ever known. It cost, in money and money's worth, not less than three hundred millions of dollars, every dollar of which *somebody* had to pay. The year of stagnation and prostration which began with 1780, and continued till 1789, were the years in which the country, (without knowing it), was paying for the war. Congress had issued one hundred and sixty millions of paper money, which after falling lower and lower in value, became in 1780 absolutely worthless, and ceased to circulate. The people, impoyerished by the war, without a currency of any kind, except a few millions of specie, without union, without a practicable government, without credit either at home or abroad, would have utterly despaired had not the bounty of the soil and their own industrious hands always secured a sufficiency of the bare necessities of life. There were no great cities, then, swarming with laborers living from hand to mouth, whom the first shock of a financial reverse deprived of their only means of subsistence. A nation of hardy yeomen, mostly cultivating their own land, making their own clothes, and owning their own houses, is to a great extent, independent of all reverses, except such as destroy or diminish the productions of the earth. With the administration of General Washington and Alexander Hamilton, the country began its wonderful career of business prosperity.

SUSPENSION OF SPECIE PAYMENTS BY THE BANK OF ENGLAND IN 1797.

"On the twenty-sixth of February, 1797, Sunday, an order of the Privy Council was transmitted to the Bank of England prohibiting the further payment of specie, until the pleasure of Parliament should be made known. Parliament took the subject into consideration the next day, February 27th, and approved of the order of the Privy Council. The suspension of specie payments was originally intended to be only a temporary measure, and the strongest assurances were given to this effect on the part of the Bank and the Government.

"It was, however, continued, from time to time, but always as a temporary measure, until 1819, 22 years after the suspension, steps began seriously to be taken for resuming specie payments, which were, in fact, resumed on the 1st of May, 1823. The Bank thus presents the singular example of a virtual insolvency for 26 years, and eventual redemption of its paper and credit; and this return to specie payment was not attended by any sudden revulsion or commercial shock. Preparations were made for it long beforehand. The amount of the notes of the Bank in circulation was reduced from about £24,000,000 to about £18,000,000. In the mean time a new coinage of gold had been issued, in 1821-22, to the amount of £14,877,547, which supplied the chasm made in the circulation of the country by the reduction of the amount of Bank of England notes, and also went to replenish the vaults of the Bank in preparation for the run that might be made on the resumption of payment; but the danger was passed with the greatest facility.

"The bank notes had depreciated, or, as the phrase was at the time, the price of bullion had gradually risen, so as to be, at one period, at the rate of 14 or 15 per cent.; and if the Bank had then stopped suddenly, and, if we may imagine it possible, had redeemed the whole of its paper, £25,000,000 or more, with specie, it would have been a gain to the holders of the notes, in the whole, of £3,500,000, and a loss to the then debtors to the Bank of the same amount, assuming the depreciation to be 14 per cent.; while the Bank itself would have lost only the amount of bad debts, which would have been made by such a sudden and tremendous revulsion; for, the moment of the Bank resuming to pay specie itself, by this very operation, it reduced the payments to the Bank, by its debtors to specie; for the Bank had a right to demand payment of notes and bills discounted in specie, or, what would have been equivalent, its own notes. Such a measure would evidently have shaken the kingdom to its foundation, and probably have brought down its commercial, financial, and economical system in ruins. Instead of such a catastrophe, either in discontinuing or renewing payments of specie, each of which was equally hazardous and difficult, the transition in the depreciation of the paper was gradual and almost imperceptible, and after the overthrow of Napoleon, its rise in value was again, for the most part, as gradual, until it arrived to a par with gold, before the resumption of specie payments. In a political, financial, and commercial point of view, this Institution, from the suspension to the resumption of specie payments, presents a stupendous phenomena unparalleled in history. The suspension of payment, in 1797, was one of those bold measures which are justified only by extreme cases, and which, in such cases, are only prudent measures. The whole system of financial administration, and all the commercial combinations and connexions of the kingdom, were involved in the affairs of the Institution at the time of stopping, 1797. The holders of the notes, and the depositors, were pressing to the Bank for specie, of which there remained in the vaults only £1,272,000 while the notes and claims outstanding, and which might be demanded, were £8,640,250, and the demands were pouring in with a still increasing tide. It seemed probable that the Bank must stop, after paying out this specie; the shock, whatever it might be, must be encountered, and it was very justly supposed that it would be in a measure broken, in anticipating the necessity, and stopping with more than a million in its vaults, instead of waiting until they should have been emptied.

The reasons given in Parliament in favor of this suspension of payment, and of its continuance from time to time, were:—1. That the Bank could not continue its discounts and its payments in specie; and if its discount were stopped or greatly reduced, the commerce of the country would be destroyed: 2. That the credit of the government would be lost if the Bank should cease to make advances on its taxes: 3. That specie payments were of no benefit to England, as the specie, on being drawn from the Bank, went abroad: 4. That it was more important that the Bank should exist, than that it should

meet its payments at the expense of its existence: 5. That the commercial arrangements, combinations, and relations, existing in the kingdom, would be broken up by the dissolution of this Institution, and, being once broken up, could never be renewed; and, 6. That it was better to stop specie payments, while specie and bullion could be kept in the country by that means. Such were the reasons given in favor of the measure, and though it has been censured by some, who have pretended to discover in it the cause of much financial and commercial derangement, yet they do not show by what other course Great Britain could have struggled through the terrible conflicts of that period."

THE PANIC OF 1798 IN THE UNITED STATES.

This was really a terrible time. We call it a Panic, because, so far as the history of the period records, there does not appear to have been any adequate cause for the alarm. In other words, there does not appear to have been a previous *destruction of value* to a sufficient amount to cause a genuine commercial revulsion. The nation thought itself to be on the very eve of a war with France. General Washington had accepted the command of the army, and General Hamilton was his second. An army was raising, and everything foreboded an immediate conflict. Meanwhile the French armies under Bonaparte were filling the world with the fame of their exploits, and England, that bore the brunt of that great struggle, seemed about to be overpowered. A financial panic in London was at its height, and the Bank of England had suspended specie payment. John Adams was president of the United States, and the alien and sedition laws were in force, keeping the nation in ceaseless and bitter agitation. Political feeling ran so high, that men of opposite parties could scarcely salute one another in the streets, and thousands were of the opinion that the young republic had run its course. In the midst of these events a financial panic arose, and hundreds of merchants failed. In those days, failure to meet an obligation was a serious affair, as imprisonment for debt had nowhere been abolished. The prisons of Philadelphia, (then our principal city,) were filled with merchants, many of whom were of old and honorable standing in the business of the country. The panic was severe but brief. The sky soon brightened. Peace was made with France. The election of Jefferson and Burr in 1800 gave to the democratic party its first triumph. The country was satisfied, and bounded forward in its bright career.

THE REVULSION OF 1808.

A war is, with regard to business, a three-edged sword. The anticipation of it is one disaster; carrying it on, is another; paying for it, after it is over, is a third. From 1808 to 1817, the business of the United States was, more or less, affected by the war of 1812. Jefferson's embargo (passed in December, 1807) put an end, for a time, to the commerce of the country. It prohibited the departure of any merchant vessel from the ports of the United States! The effect may be imagined. Merchants, clerks, seamen, shipmasters, and all the great army of men who are supported by commerce, were deprived of employment and revenue. The great planting interest of the

South was first paralyzed, then ruined. The great cities languished; the farmers of the North, who had been growing rich by supplying the belligerent powers of Europe with bread and meat, could no longer sell their surplus productions. Seldom have the temper and patriotism of the country been so severely tried as during the operation of the various embargo and non-intercourse acts of Jefferson and his successor.

THE REVULSION OF 1815.

This was the year of the general peace. Our own war was at an end, and the exile of Napoleon at St. Helena gave repose to Europe. These happy events, however, brought upon us one of the severest commercial reverses we have ever experienced. Despite the embargo and the war of 1812, a considerable trade had been latterly carried on between the United States and Europe, and the war itself had given, as war always does, an unnatural activity to many branches of business. With the peace of 1815, ceased for a long time the European demand for American provisions. The currency, too, had become exceedingly deranged. In 1817, the Bank of the United States began its career by importing into the country over seven millions of dollars in specie, at an expense of half a million of dollars. Manufactures revived under the operation of the revised tariff, and the country, for the next fourteen years, enjoyed great and nearly uninterrupted prosperity. There were, it is true, occasional periods of panic and disaster, as in 1822 and 1825, but at no time was there a general revulsion and universal ruin, such as occurred in 1837.

CHAPTER II.

EVENTS PRECEDING THE GREAT CRASH OF 1837.

OUR first object shall be to narrate the *facts* respecting the revulsion of 1837, leaving to another chapter the various *opinions* respecting it which the time called forth. The facts are few and easy to be understood.

GEN. JACKSON'S WAR UPON THE BANK OF THE UNITED STATES.

In the year 1832, the Bank of the United States, situated in the city of Philadelphia, held a position in the finances of the western continent similar to that now enjoyed in the eastern continent by the Bank of England. It had existed for fifteen years, during the greater part of which it had been managed with skill and success. Its capital was 35 millions of dollars, which, owing to the high premium commanded by the stock, was equivalent to nearly 50 millions. The number of its directors was twenty-five, of whom five were chosen by the federal government, and fifteen by the stockholders. The stockholders were 3400 in number, of whom more than 500 were foreigners. The bank had branches in all the principal cities of the Union. Its clear profits in the year 1831, reached the enormous sum of \$3,455,598. It

VETO OF THE RE-CHARTERING BILL.

was the bank in which was deposited the public money, which disbursed the public money, and which, at times when the public money was short, made up the deficiency. The great fact respecting it was, that the bank notes issued by the Bank of the United States were as good as gold in any part of the United States. There was no discount upon them anywhere. A man provided with a sufficiency of United States Bank bills, could travel from Maine to Georgia, and from Georgia to Astoria, without incurring the slightest loss or inconvenience. In fact, wherever there was a civilized community on earth, there the bills of this great bank could be exchanged for commodities. In London its credit was as unquestioned as that of the Bank of England.

General Jackson was resolved upon the destruction of this institution. His reasons have been variously stated. His enemies said then, and say now, that he destroyed the bank because he personally hated Nicholas Biddle, its celebrated president. Others maintain that the destruction of the bank was a tribute to the known will of a majority of the people, who from time immemorial had distrusted all banks, and who in particular detested "The Monster," as the Bank of the United States was then called by its opponents. Others again, assert that General Jackson put down the bank for reasons purely patriotic, because he really thought the existence of such a powerful moneyed institution dangerous to liberty, and dangerous to the independence of the Executive. The probability is, that all these motives had weight with the General. Whatever his motives may have been, there is no doubt that he accomplished his purpose with indomitable resolution, and in spite of obstacles that would have deterred any man less resolute than himself. At the present time there are few intelligent persons who, on a calm review of the whole transaction, will not admit that the total separation of the general government from banks and banking, is not merely in accordance with the genius of our institutions, but practically right and wise.

VETO OF THE RE-CHARTERING BILL.

In 1832, the charter of the Bank of the United States had four years yet to run, and a bill passed both houses of Congress renewing the charter. This bill was laid before President Jackson for his signature on the 4th of July, and on the 10th of the same month he returned it to the Senate *vetoed!* His objections to the bill were stated at great length, but the principal objection was expressed with forcible brevity at the beginning of the message, as follows:—

"The present corporate body, denominated 'The President, Directors, and Company of the Bank of the United States,' will have existed, at the time this act is intended to take effect, twenty years. It enjoys an exclusive privilege of banking under the authority of the General Government, a monopoly of its favor and support, and, as a necessary consequence, almost a monopoly of the foreign and domestic exchange. The powers, privileges, and favors bestowed upon it, in the original charter, by increasing the value of the stock far above its par value, operated as a gratuity of many millions to the stockholders.

"An apology may be found for the failure to guard against this result, in consideration that the effect of the original act of incorporation could not be certainly foreseen at the time of its passage. The act before me proposes another gratuity to the holders of the same stock, and, in many cases, to the same men, of at least seven millions more. This donation finds no apology in any uncertainty as to the effect of the act. On all hands it is conceded that its passage will increase at least twenty or thirty per cent. more, the market price of the stock, subject to the payment of the annuity of \$200,000 per year, secured by the act; thus adding, in a moment, one fourth to its par value. It is not our own citizens only who are to receive the bounty of our government. More than eight millions of the stock of this bank are held by foreigners. By this act the American republic proposes virtually to make them a present of some millions of dollars. For these gratuities to foreigners, and to some of our own opulent citizens, the act secures no equivalent whatever. They are the certain gains of the present stockholders under the operation of this act, after making full allowance for the payment of the bonus.

"Every monopoly, and all exclusive privileges, are granted at the expense of the public, which ought to receive a fair equivalent. The many millions which the act proposes to bestow on the stockholders of the existing bank, must come, directly or indirectly, out of the earnings of the American people. It is due to them, therefore, if their government sell monopolies and exclusive privileges, that they should at least exact for them as much as they are worth in open market. The value of the monopoly in this case may be correctly ascertained. The twenty-eight millions of stock would probably be at an advance of fifty per cent., and command in market at least forty-two millions of dollars, subject to the payment of the present bonus. The present value of the monopoly, therefore, is seventeen millions of dollars, and this the act proposes to sell for three millions, payable in fifteen annual instalments of \$200,000 each.

"It is not conceivable how the present stockholders can have any claim to the special favor of the government. The present corporation has enjoyed its monopoly during the period stipulated in the original contract. If we must have such a corporation, why should not the government sell out the whole stock, and thus secure to the people the full market value of the privileges granted? Why should not Congress create and sell twenty-eight millions of stock, incorporating the purchasers with all the powers and privileges secured in this act, and putting the premium upon the sales into the Treasury?

"But this act does not permit competition in the purchase of this monopoly. It seems to be predicated on the erroneous idea, that the present stockholders have a prescriptive right, not only to the favor but to the bounty of the government. It appears that more than a fourth part of the stock is held by foreigners, and the residue^{is} held by a few hundred of our own citizens, chiefly of the richest class: for their benefit does this act exclude the whole American people from competition in the purchase of this monopoly."

This veto produced an intense excitement throughout the country, which many of our readers will remember. The arguments of Old Hickory were never answered, but he was abused without stint.

REMOVAL OF THE DEPOSITS.

The failure of the Bank of the United States to obtain a renewal of its charter produced no immediate effect upon the finances of the country. The Bank had four years in which to wind up its affairs, and under so accomplished a financier as Nicholas Biddle, it no doubt might have transferred its business gradually to other institutions, and gone out of existence without seriously dis-

turbing the monetary affairs of the nation. But General Jackson's next blow struck home. Re-elected in 1832 on the bank issue, and in spite of the Bank's active opposition, he was no sooner inaugurated, than he resolved upon his great stroke of removing the public money from the custody of the United States Bank, and distributing it among the local banks of the several States of the Union. In the fall of 1833, no less than eight millions of the public money were thus removed from the vaults of the great Bank. The effect was immediate and disastrous. The Bank, shorn of so much practical capital, was compelled to curtail its discounts to such an extent as to render money for a few months exceedingly tight. There were many failures. In a short time, however, *the distributed capital began to tell*, and an enormous expansion of the currency set in, which not only relieved the business world from its embarrassments, but gave an inflation to the affairs of the country of an unparalleled character. State banks were created all over the country, and, governed as most of them were by men unexperienced in banking, they were easily drawn into the seductive snare of excessive issues of paper.

THE INFLATION OF 1835-36.

In England :—The joint stock banks had increased with startling rapidity. They had begun in 1825, and in September 1835, they numbered 102, exclusive of an immense number of branches. During the preceding five months they had been increasing at the rate of five per month, exclusive of branches; yet there was but a comparatively small increase of their notes—then whence the enormous profits they were known to make? It was by means of bank credits. They were in the habit of sending the paper they discounted immediately up to London to be re-discounted there, thus banking to an indefinite extent on credit. “To such an extent,” said the Edinburgh Review for July, 1836, “had this system been carried, that we are well assured that certain banks, with less than £500,000 of paid up capital, have discounted bills and made advances to the extent of from *five to six* millions; and the engagements of others have been even more incommensurate with their capital.” The consequence of this state of things was, that during the first three months of 1836, one hundred and four joint stock companies were formed in Manchester and Liverpool alone, with an aggregate capital of £37,987,500; and Mr. Poulett Thompson stated in the House of Commons, that the number of fresh companies on the tapis, for every imaginable object, from making railways in Hindostan to burying the dead at home, were between three and four hundred, with an aggregate projected capital of nearly *two hundred millions sterling*.

In the United States :—The inflation is too well remembered among us to require an enlarged statement here. Suffice it to say, that the country lost its senses in its haste to be rich. The credit system was carried to an extent which those who can remember the facts can scarcely believe. Men without a thousand dollars of capital bought cotton plantations and slaves, and drew on brokers immediately, on the credit of the first crop, before the seed had been sown. Land speculation was the rage. Millions of acres of land, which

were valued at prices ranging from one hundred dollars to a thousand dollars an acre, have not yet reached the value at which they were then sold and resold. The walls of the streets were covered with maps of towns that were still miles in the woods or feet under water. All this will be brought out fully in another chapter.

Comparative view of Imports into the United States, and Exports to Foreign Countries for 13 years.

Year.	Imports.	Exports of Domestic Produce & Articles.	Total Exports.
1824	\$80,549,007	\$50,649,500	\$75,986,657
1825	96,340,075	66,944,745	99,535,388
1826	84,974,477	53,055,710	77,595,322
1827	79,484,068	58,921,691	82,324,827
1828	88,509,824	50,669,669	72,264,686
1829	74,492,527	55,700,193	72,358,671
1830	70,876,920	59,462,029	73,849,508
1831	103,121,124	61,277,027	81,310,583
1832	101,029,266	63,137,470	87,176,943
1833	108,118,311	70,317,698	90,140,433
1834	126,521,332	81,024,162	104,336,973
1835	149,895,742	101,189,082	121,693,577
1836	189,980,035	106,916,680	128,663,040

TABLE OF BANKS AND BANKING CAPITAL IN THE UNITED STATES
FROM 1792 TO 1836.

Year	Banks	U. S. Bank	Total Capital
1792	12	\$10,000,000	\$18,935,000
1801	33	do	33,550,000
1805	76	do	50,493,000
1811	89	do	52,610,600
1815	208	Defunct	82,209,590
1816	246	do	89,802,422
1820	308	35,000,000	137,210,611
1830	330	do	145,192,268
1834	507	do	205,123,788
1835	558	do	231,250,337
1836	567	do	251,875,292
1837	677	do	378,421,168

STRIKES AND TRADE UNIONS.

As the manufacture of paper money proceeded, provisions and other necessities of life rose in price, and mechanics universally demanded higher wages. Strikes were the order of the day. We read in the Journal of Commerce of Feb. 1836, as follows :

"On the 23rd inst., the Riggers and Ship-laborers turned out in large numbers, and went about the wharves in a body, compelling such of their profession as they found at work, to quit the business in which they were engaged. Almost simultaneously a squad of day-laborers, of another description, chiefly foreigners, went through the burnt district compelling their fellow-laborers about the premises to quit work, because they were receiving \$1 a day instead

of \$1 25, which these imported dictators had determined was the rightful sum."

In the N. Y. American. of about the same date, we find the following:—

"A sea-faring man, from exposure to severe weather, was on his arrival in port sent to the city hospital, where his general health was restored, but both feet were lost. Being cured, he could no longer, by the rule of the hospital, be kept there; yet to send him forth such a cripple, was to consign him to starvation. Some of the governors, therefore, caused artificial feet to be made for him at a cost of 70 dollars, and then, as he said he had been accustomed on ship-board to handle the sail-needle, obtained employment for him with a sail-maker, and placed him in special charge of the foreman of the loft, with the request that he might be suffered to earn whatever he could. The cripple, happy and grateful, went to his new trade, and for two days was unmolested, as was his employers; and it was ascertained that by such work he could earn enough to keep him above want. On the *third* day, a deputation from the Trades' Union went to the sail-loft—forbade the employment of that helpless sailor—forbade him, in like manner, to work—and he was obliged to relinquish the place. The governors of the hospital received him back within their walls, or he would have been left without a meal, or a place to lay his head."

We add one more case. "In March, 1836, a number of Journeymen Granite Cutters, *not* members of the Union, were obliged to combine in order to protect themselves against its machinations. In their Manifesto they declare that the Unions had formally proscribed all journeymen who refused to join or co-operate with it—had undertaken to prevent such journeymen from obtaining employment in any town in the United States where Trades' Unions were established—had, to use their own phrase, *nullified* two Yards, because their proprietors had refused to discharge a foreman at the bidding of the Union—had threatened death, tar and feathers, battery, and every species of personal indignity, to those who might presume to labor in those Yards—and, to intimidate strange journeymen, had declared, that unless they acquiesced, they would forever be objects of persecution—had seduced apprentices from the *nullified* Yards, and forced them as journeymen upon others—and that such proceedings had caused contracts to the amount of \$250,000 to be removed to other States."

To show the angry spirit that prevailed at that time of universal prosperity, we copy another case from the Journal of Commerce :

"Some days back, the journeymen tailors made out a new tariff of prices to be paid by their employers, and also laid down certain rules relative to the manner in which master-tailors should give out work. According to one of these rules, every master tailor should keep a slate hung up in his store, and enter on it every piece of work which he gave to a journeyman to make, and that no journeyman should get work to do except in his turn. For example, if two journeymen successively got each a coat to make, and the one who received the second was more industrious than the first, or a more expeditious workman, and finished his work sooner, he must wait idle until the other man had also finished his work and was given another job. So that the idle and industrious, or awkward and expert workman were completely on a par by these absurd regulations—to the monstrous injustice of the operative, and serious inconvenience and loss of the employer. The master-tailors very properly refused to adopt so ridiculous a rule, or comply with the new scale of prices dictated by the journeymen, and the latter very generally turned out, and refused to work. Some of the journeymen tailors, however, were willing to work at the old prices, and among them was a man named William Wright,

in the employment of Messrs. Stokes & Co., Broadway. This man could earn twelve dollars a week, and having a large family to support, was unwilling to remain idle, but was obliged to do so from downright fear, as some of the other journeymen tailors called on him, and threatened him, that if he did not leave his employment they would *cut off his hands or kill him!* Intimidated by these threats, Wright left his work; and his employers, in whose service he had been for many years, and who had a great respect for him, having discovered that he left them solely from intimidation, determined to prosecute the lawless ruffians who had driven him away, and summoned Wright to the police office yesterday evening in order to obtain his testimony against them. Such a complete system of terror, however, have the journeymen tailors established in their body, that Wright was afraid to tell the names of any of the aggressors, and though Mr. Wyman said all he could to persuade him to it, promising him full protection against any consequences, Wright still declined mentioning any names, lest his doing so might cause his destruction. Finding that threats or promises were alike unavailing, Mr. Wyman was obliged to commit him to prison for refusing to give evidence; and thus an honest, industrious, poor man, with a large family, has been obliged first to remain idle, and is afterwards committed to prison for fear of disobeying the dictates of a lawless combination."

The following advertisement from the papers of the same date, is also significant :

"The public in general, and my binders in particular, are hereby informed that I have now at work four and twenty good permanent workmen, and several more engaged to commence on the 1st of May, all of whom are little affected with the brutal leprosy of Blue-Monday habits, and the moral gangrene of Trades' Union principles. Hence, my binders may rely upon steady employment, and the public upon good work, punctually performed; and they and myself find just cause to felicitate ourselves upon the prompt and effectual disposal, at once and forever, of the inconvenience, injustice and nuisance of perpetual variations, regular combinations, and periodical strikes from marauding gangs of transient and tramping Trades' Unionists, who have proved themselves as destitute of every moral principle as they have become notorious for their wickedness and folly, their presumption, their insolence and audacity.

"HORACE H. DAY,

"Shoe, Hat and Cap Manufacturer.

"New Brunswick, April 6, 1836."

CHAPTER III.

DISASTERS JUST PREVIOUS TO THE GREAT REVULSION OF 1837.

THE reader will bear in mind that the year 1835 was, so far as appearances went, the most buoyant and prosperous year which the business men of the United States had ever known. The country was in the very highest spirits. If ever a warning voice was heard, it was not heeded, and the very prophets themselves scarcely believed their own predictions. Nowhere was the inflation of credit carried to a greater extent than in the city of New York. New blocks of costly houses were erected, and that imposing and magnificent region

which we now call "Up-Town," was beginning to rise, like an exhalation, from a wilderness of rock, sand and shanty. Extravagance was the order of the day,—extravagance in business, in speculation, in expenditure, and in talk. "In 1834," said a newspaper of the time, "the current increased. The new squares up-town were built—great profits made in lots near town—speculation began also in the South—cotton culture increased. In 1835 the madness made further progress, and continued increasing up to 1836, in July, when it had reached its height. In the course of these events, prices of everything increased—of lands, cotton, provisions—every article of necessity and use."

We now commence our catalogue of disasters with

THE GREAT FIRE OF 1835.

To convey to our younger readers a vivid idea of this great calamity, which, in the space of about twenty-two hours, destroyed *seventeen blocks* of costly stores, we cannot do better than copy the following account from "*Watson's Annals of New York*:"

"The great conflagration of New York city, in December, 1835,—the greatest wonder and calamity, and befalling the greatest city, hitherto known to the Western world,—were subjects of sufficient excitement and interest, to induce a journey in mid-winter, purposely to visit the ruins, and to see the havoc and desolation which the devouring element had inflicted.

"Such a scene of devastation can only be expected to occur once in a century, or but once in a life; and when the spectacle *once got up*, is showed off at such tremendous expense, and with such terrific display, it must surely be worth a journey of observation 'to note and observe!' Such thoughts influenced my mind, and induced the visit to the scene of destruction, on Christmas-day, the 25th of December, 1835, being eight days after the disaster had closed its career of ravage and dismay.

"On my arrival in the city of New York, my first impulse was to inspect the awful ruins. In doing so, I was necessarily obliged to see, beforehand, the persons of numerous citizens at the wharves and along the streets. Their faces nor actions, indicated none of those excited feelings, which my own emotion might have suggested as very natural from the occasion. Indeed, it was but too true, that the wonder of the occasion had much subsided; and this agreed with the fact before observed, in the intermediate journey, that the mass of travelling passengers—equal to 150 persons, had already found out other topics of conversation and interest.

"Soon, however, I entered upon the scene of ruin, and oh! what a scene—to comprise an area of forty-five city acres, in absolute destruction. To see still the charred, the blazing and smouldering embers, to scent the tainted air loaded with smoke from the still consuming parcels of cotton, coffee, tobacco, tea, cotton and woollen goods, still resting in cellars, covered with masses of bricks and broken granite. Of 528 buildings of the most costly fabric, of four and five stories height, which were consumed, only *one*, a conspicuous *Salamander*, was remaining;—Benson's fire-proof copper store, of four stories, upon No. 83 Water street. There it stood unscathed, an Oasis in the surrounding desert.

"It was passing strange, to contemplate in one view, so great a mass of towering architecture as 528 houses of brick and granite, *all prostrated*, all gone down into their own tombs, in their several cellars; or in some cases tumbling into the narrow streets, and clogging up their passage. Here and there, were to be seen cragged and deformed fragments of standing walls,

some of one story—some more slender and lofty, of two and three stories, acting as pointers and indices to the ruined area, and warning the inquisitive explorer like myself, to beware of coming within the verge of their expected fall. On some they had fallen and broken limbs, even while I was there. Amid these ruins, guided by the remains of the several former streets, were to be seen continuous lines of male and female passengers, come in holiday clothes from country villages, to behold the catastrophe. I speak of them generally as *strangers*; for in truth, as I afterwards ascertained, the proper inhabitants of New York had already ceased to visit the place, as an affair of worn-out character, superseded by something more recent and of fresher news. Even as I overheard some gentlemen near the place, conversing and saying, that “usually their occasions of excitement lasted twenty-four hours; but here was *one* of thirty-eight hours, and *now* no longer such.” Truly, this destruction has fallen upon men of peculiar elasticity of spirit and enterprise. It is almost wholly upon the mercantile class, accustomed to risk and chance, and who are habituated to recover from mishaps and disasters. They were very generally *insured*; and so generally too, that the chief of their present concern, is the probability of the Insurance companies being unable to divide more than an average of fifty per cent. Yet losing as they must, there is no betrayal of heart-sorrow in the countenances of the street walkers, nor in the congregations of the churches. They still look wholly like their former-selves, —yea more, they even give to other charities; for instance, at Dr. Brodhead’s church where I was, they gathered in the annual collection for missionary purposes \$20. dollars. It is probable that two-thirds of all the families in New York, might themselves become liberal contributors to the *sufferers*.

“I visited the ruins both by day and by night, spending in such observations from one to two hours at a time. It was sad to see the cartloads of goods, which could even at the end of a week or ten days after the fire, still be rescued from the heated cellars. Thus great piles of ready roasted coffee was brought out; piece after piece of calicoes and worsted, scorched and smoking, were drawn out of others; piles of prepared tobacco for chewing; numerous pigs of lead; masses of bar iron, and iron chains; cotton in bales, burning in places and extinguished in others; laboring men, all dingy with the smut of the fire, working in many places to clear away the rubbish and to still preserve something from the flames.

“The best and most extensive perspective view of the whole area, was to be seen from Coenties slip, looking thence across to the line of Wall street as a back ground. I was so impressed with the utility of preserving such a spectacle for people at a distance, and for posterity, that I immediately suggested to Col. Stone, the editor of the ‘*Commercial Advertiser*,’ that a call should be made for some one or two lithographic views of the scene; and after I returned home, I directly prompted Mr. Breton to go on and endeavor to execute them. He agreed, but soon after declined, because of the proposed *diorama of the same* by Wright. Still, however, *the print* is a desideratum.

“The lurid glare of the night spectacle, seen as I saw it on the 28th of December, just before daylight, was awfully impressive. Fires of smaller dimensions could be seen every here and there, of goods still consuming, and affording enough of illumination amidst the general gloom, to show the explorer his path-way along the former streets. How different the quiet and desolate scene, from its recent busy mart of commerce. I met no individual, heard no voices, and had the whole silence and solitude to myself. I sat upon a heap of ruins near to a warming fire, and indulged in reveries and musings. I thought of Tyre of old, “whose merchants were *princes*, and whose mansions were *palaces*.²” I thought of the quickening influences of commerce wherever they are *freely indulged* and not ignorantly *fettered*. I thought then of the unwise system which denied to *foreign* underwriters, (like the Phoenix Company, of London,) the risk of *our* preservation, and *reserved to themselves* the

sole privilege of *being responsible* for the calamities of their own people. The practical issue is, that the ruin of seventeen millions of property, is *a family concern of a whole city*, wherein *all* are meditately or immediately involved.

"Although I had not seen the actual conflagration which began at Comstock and Andrews' store, on Merchant street, on the night of Wednesday, the 16th of December, and raged through all the next day until Thursday evening, I could still imagine the terrific and appalling picture:—

Could see her flames from lofty mansions rise,
And send their eddying columns to the skies ;
Where spreading fire makes night a brighter day,
Nor skill nor courage can its fury stay—
The richest merchandize of every name,
The worth of millions feed the flame,
AND ONE VAST RUIN MEETS THE ACHING EYE.

"In the time of the fire, when dismay and confusion were at their utmost height, great prices were offered and given for help in any needed form. Twenty dollars were given for a single cart load, and even one hundred dollars was asked and given. One merchant on South street, by the river side, who saw the high extortion on those who had not their own carmen at hand, offered and actually purchased a horse and cart for five hundred dollars, and thereby saved his own property of \$80,000 by removal. My friends Clark and Smith, offered, *after the fire* had consumed their store, one hundred dollars to sundry bystanders, working men, to pull out their iron chest; it was soon done, and their books and even notes, were all saved, although so charred and injured, as to be necessary to transcribe the books.

"It might surprise many to learn, that while I and others, travelled to the scene from 100 miles, that there were numerous persons even in New York city, who never waked or heard of the fire. My own kinsman, Mr. B. up town, heard of some cry of fire about the time of his retiring to bed, but little regarded it; and he and his wife and two servants, actually slept out the whole night in Bleecker street, without knowing that there had been any fire, and that he had actually lost a large store worth \$2500 a year rent.

"Some others of my friends, near Houston street and Broadway, were at a wedding party, and although they heard of the fire at a distance at nine o'clock, not one of them left their entertainment till midnight; and then only one of them on his nearer approach homeward, saw or heard enough of the fire to influence him to go on to the place of desolation—there in his gala dress and dancing pumps, he had to set to work earnestly to pack up his store goods, near the Exchange, and send them to the Battery ground for safety—he eventually lost \$2000. Three of the other guests went home to rest, and never heard of their losses until the next morning, when they found that their stores and all their contents were dissolved in fervent heat.

"It is the strangest thing to contemplate, that nearly 600 houses of the loftiest and most expensive construction, should go down to absolute ruins in so short a space of time. One would think that *the bare walls* might be found standing; but it was not so. It is said that they build with insufficient width of wall for such large superstructures of four and five stories; and above all that the *cheaper* lime which they have preferred from Maine, Rhode Island, and Albany, &c., has been wholly unequal to that which Philadelphia county supplies to its architecture. The granite and marble pillars on which many of the fronts of the houses rested, were wholly unable to sustain the action of fire and water; and *fractured and rived* in such manner, as to be no support to the walls above them. The narrowness of the streets, and the undue elevation of the houses, (a sufficient warning to us,) prevented firemen from acting with effect. These circumstances, while they hindered men from aiding, greatly increased the action of the heat, so that such an intensity of fire has

never been surpassed. I saw china stores, where the masses of broken china was vitrified in clusters, zinc and copper, from roofs, was found in the drenching form of gushing water, the masses of nails, screws, &c., in iron stores, were partially dissolved, and then cooled *in union*. I preserved some such fragments, and I also brought away a *whole* ewer, which had endured all the fire, at the china store of John Greenfield and sons, in Pearl street, close to where a china store was *blown up*, and caused the arrest of the fire at the head of Coenties slip, on Pearl street.

"The cause of so much unparalleled havoc, was that of *a fierce wind*—felt equally all the way to Philadelphia, which was blowing from the north-west during all the night; and besides this, the weather was too intensely cold, to admit of a due use of the engines and hose. In many places firemen could be seen beating their hose to prevent the formation of ice within them.

"It was impossible to find firemen reckless enough to ascend ladders, which might be raised to the eves of houses, of four and five stories—and in narrow streets, the water played so high, necessarily fell back upon the people below. In such extremities, men had to stand useless gazers upon the destruction of their property.

"Seventeen blocks, (squares,) containing houses of the largest and most costly construction, were consumed in one night. What an awful picture of the Great Assize, 'when the elements shall melt with fervent heat!'

"Explosions were often heard, resulting sometimes *purposely* from the use of gunpowder, and in other cases from the bursting of liquor casks, and from the presence of gunpowder held for sale. These, when they occurred, were subjects of indescribable grandeur and terror—it set every bosom upon the *qui vive*.

"How wonderful, that in so much just cause of personal apprehension and danger, only one person should have been wounded, and one other missing.

"It was somewhat peculiar that the fire travelled so readily to *windward*, so that those who conveyed their goods and stored them for safety in the Merchants' Exchange and the old Dutch church, should have had them overtaken, even there, by the consuming element, and wholly burned. The best refuge was found in the Bowling Green and Battery, where marine guards with fixed bayonets, gave them protection.

"The several streets, after the fire, were seen for several days, choked up with rich merchandizes—all tramped under foot, and almost totally ruined. In short thousands upon thousands of dollars in value, were lying wasted and whelmed in ruin.

"Wall after wall, were seen or heard tumbling like avalanches to the ground, while flames were darting their tongues of fire, and were heard roaring from roofs and windows, along whole streets. At the same time, firemen worn out with over exertion, were still struggling for mastery over the storm of fire, which seemed to revel in its power, and to mock all human skill and prowess.

"The next day, all the city military were put under requisition, to be ready to protect property exposed, and to aid the civil authorities in the preservation of order and the civil rule.

"It was curious to see occasionally, the harvest which occurred to the poor, and to strolling boys and girls. You could see the rag gatherers, crowding their sacks with scorched fragments of cotton and silk stuffs. In one place was the remains of a jeweler's store, in which ragged boys and girls were very busy searching for sundry trinkets. At the china stores, men, women, and children, were engaged raking among broken china and queensware, for small articles unbroken. In one such place, I saw and purchased, as a relic, an ewer in good state."

The most wonderful circumstance respecting this Great Fire was, that it caused scarcely any failures, and *seemed* to produce no serious effect upon

either the progress of the city or the finances of the country. The city was under such tremendous headway, that the sudden and total annihilation of eighteen millions of property was hardly felt. Every body was amazed at this. It hugely flattered the national vanity. In what other country, asked the elated people, could such a catastrophe occur, without bringing ruin upon all concerned? 528 houses were consumed. On the 1st of October 1836, 167 houses on the burnt district were occupied; 58 more were finished; 64 more were roofed; 82 more were in progress, and nearly every trace of the fire was obliterated. As a very striking proof of the elasticity of things at that time, note the annexed account of sales of real estate by Jas. Bleeker & Sons, Feb. 23, 1836—at their sales room, 13 Broad street. The real estate of the late Joel Post.

1 lot on Wall street, corner of Exchange place, 28 feet 6 inches by 63 feet 6 inches	\$66,500
1 lot on Wall street, adjoining above, 19 feet by 28 feet,	55,750
1 lot on Exchange street, 30 feet 5 inches by 54 feet,	46,500
1 lot on Exchange street, 29 feet 7 inches by 52 feet 9 inches,	41,000
1 lot on Exchange street, 20 feet 4 inches by 45 feet deep, running to a point,	18,100
1 lot corner of William street and Exchange place, 25 feet 11 inches by 52 feet 5 inches,	46,500
1 lot next but one adjoining, 39 feet 2 inches by 40 feet,	38,750
1 lot on William street, next to corner of Wall street, 17 feet 2 inches front, 11 feet rear, and 60 feet deep,	25,000
1 lot on Exchange Place, 32 feet 9 inches front by 55 feet deep,	36,500
1 lot adjoining, 26 feet 2 inches by 66 feet,	28,250
1 lot in rear on Merchant street, 23 feet 6 inches by 52 feet,	24,250
1 lot fronting on Exchange Place and Merchant street, 20 feet 5 inches by 91 feet,	45,500
1 lot 20 feet 6 inches—23 feet, by 88 feet,	47,500
1 lot adjoining, 20 feet 6 inches—24 feet, by 75 feet,	38,500
1 lot 20 feet 6 inches—24 feet, by 65 feet,	37,750
1 lot 20 feet 5 inches on Exchange Place, 24 feet on Merchant street, and 60 feet deep,	44,250
1 lot corner of Exchange street and Pearl street, 19 feet 11 inches front, by 65 feet,	32,500
1 lot on Pearl street, 20 feet by 67 feet,	29,500
1 lot rear on Exchange Place, 28 feet by 64 feet	33,000
1 lot corner Exchange Place and Merchant street, 28 feet 7 inches front, 38 feet 7 inches rear, by 64 feet,	35,500
	\$771,100

THE SHORT CROPS OF 1835 AND 1836.

Excessive drouth followed by excessive rains, a backward spring and early frosts, did such damage to the crops, that the country did not produce food enough for its subsistence during the winters. As early as the month of October 1835, wheat began to be imported from foreign countries, and continued to be imported until late in the spring of 1837. Into the single port of New York, there were imported in October 1835, 18,200 bushels of wheat,

In February	1836,	36,160 bushels.	In August	1836	3,600 bushels
" March	"	42,800 "	" September	"	17,200 "
" April	"	39,200 "	" October	"	68,400 "
" May	"	31,100 "	" November	"	109,800 "
" June	"	16,600 "	" December	"	120,100 "
" July	"	8,000 "			
Total import for 1836,					493,100
In January 1837	182,600 bushels.	In March	1837	413,300 bushels.	
" February "	179,800 "	To April 19,	"	135,300 "	
Total import to April 19th, 1837,					1,369,300

During this period the price of flour ranged from eight dollars per barrel to sixteen, which led in the winter of 1837 to the flour riots in the city of New York, which will be described on a subsequent page.

THE SPECIE CIRCULAR OF JULY 1836.

This was simply an order from the treasury that public lands must be paid for, henceforward, in specie. Speculation in land had become a mania, similar to that which has prevailed during the last ten years in stock gambling. That is to say, millions of acres were sold at prices utterly fictitious, and paid for in values utterly fictitious. There was no longer any *reality* in the business. The effect of the specie circular was to restore it to reality, to prick the bubble, and, for a time to paralyze the business of the country. The specie circular was in no proper sense the *cause* of the great crash of 1837, but it certainly hastened the catastrophe. Its particular effects upon the finances of the nation, were ably shown at the time by Nicholas Biddle, in a passage which will be quoted in another place. Biddle, like most of the financiers threw all the blame upon the *pin* which pricked the bubble, instead of the *gas* which inflated it. The financiers of 1857 are doing the same thing, and so will financiers continue to do, as long as we are subject to revulsions.

THE BEGINNING OF THE PRESSURE.

The crash of 1837 was *fourteen months in coming on!* As early as March 1836, money began to tighten at most of the leading markets of the country, yet the country seemed on the topmost pinnacle of prosperity. We read in the papers of bank stock selling at 80 *per cent. premium*; of railroads begun in every direction; of universal employment for the people; of universal high prices for produce; of advancing wages; of new manufactories; of new inventions; of an overflowing spring emigration; of the marvellous growth of western cities; of the great prosperity of the planting interests; and of immense importations. In the midst of all this show of success and advancement, the pressure in the money market begins. It excited little remark at the time, and no one dreamt of its continuance. Some papers attributed it to the delay of Congress in voting the annual appropriations, and call-

ed upon members to attend to their duties, and relieve the money market by putting the public money into circulation. There was scarcely a whisper that the pressure was any thing but temporary and accidental.

CHAPTER IV.

THE PROGRESS OF THE PRESSURE.

By very slow degrees the pressure increased. The best way of exhibiting its gradual progress, and the little alarm it at first excited, will be to copy a few paragraphs from the Press of the years 1836 and 1837.

From Bicknell's (Phila.) Reporter of March 20th, 1836.

"MONEY.—Money continues scarce—very scarce. On Saturday last, good paper was offered at one per cent. per month. The market was somewhat easier yesterday; very little, however. A change for the better must soon take place. The New Yorkers and Bostonians who have been forwarding their stocks to our market for the last fortnight, and have thus been absorbing our capital, will not be permitted to do so any longer with impunity. Our capitalists have commenced retaliating on them, and the New York market will soon be, if it is not already, in as bad a condition as ours. Some think that this will not relieve us—it cannot do otherwise, however." (No hint of the true cause.)

From the Baltimore Gazette, April 10th, 1836.

"The great and apparently unaccountable delay of Congress in making the necessary appropriations for the payment of the current expenses of government, and more especially to pay the bills drawn by the distant agents and officers of the government, some of which, it is reported, have been protested—has caused very general, and, we fear, too just complaint. Some explanation is certainly due from the representatives to their constituencies for this omission to pay just claims, when the treasury is full to overflowing, and money so scarce as to cause general embarrassment to almost every class of business men." (Equally in the dark.)

From Niles' Register, April 16th, 1836.

"Money seems to be very scarce, though paper ought to be plentiful, seeing that in the last six months there have been incorporated in the United States considerably more than *fifty millions* of banking capital, and we have nearly fifty-five millions of surplus in the deposite banks. * * * The responsibilities of banks in the United States are *six or eight times* greater than their means, though all the specie in the land were gathered into their vaults—and there must be a scrabble for it! * * * The unbounded extent of credit which we have latterly had has arisen from the fact that there was no demand for specie. It remained in the banks, only as ballast stones in the hold of a ship. But let the exchange on England advance one or two per cent. and eleven-twelfths of all our banks will be deprived of their means of accommodation—being also hard put to it to save themselves. A general war in Europe will bring about this state of things." (The Specie Circular did it instead. Mr. Niles understood the matter.)

From Niles' Register of April 23d, 1836.

"It is stated from New York that bills on England, owing to the scarcity of

money, are at five per cent. advance, that is, three and a half per cent. below the real par. * * * We have heard that the United States Bank has been required to reduce its circulation between five and six millions within a few months—and, from the doings in Congress, it seems resolved that it shall suddenly do more. The bank can—but are the people able to bear it?"

From the Boston Daily Advertiser, April 20th, 1836.

"There has evidently been a great falling off in the amount of business transactions for three or four weeks past, solely on account of the scarcity of money and the difficulty with which negotiations are effected. The lowest street rates for the best notes has been, during the present week, one per cent. per month, and no doubt much has been done at a higher rate. So long as this pressure upon the very vitals of trade continues, a comparatively meagre detail of weekly operations in merchandize generally must be expected."

From Niles' Register, May 14th, 1836.

"There is an *awful* pressure for money in most of the cities. The shavers exact their pounds of flesh." (Yet, at the same date, U. S. bank stock was quoted at 125½. The drouth was killing the early crops and injuring grain.)

The congressional appropriations relieve the pressure in the money market for a few weeks (during which the scorched crops were soaked with continual rains,) when the business world were astounded by the failure and arrest of Benjamin Rathbun, of Buffalo, N. Y.

From Niles' Register, August 13th, 1836.

"Great excitement has been created in Buffalo by the failure of Benj. Rathbun, one of the greatest speculators and business men in that region of enterprise. Rathbun was an extensive property holder, owned a number of stores, employed 1200 workmen and 300 teams, and was engaged in the erection of a large number of buildings and a splendid exchange at Buffalo, and a large hotel at Niagara Falls. His liabilities are estimated at nearly \$6,000,000, and his property at \$2,600,000. But the most extraordinary fact developed is, that, of the vast amount due by him, upwards of \$1,500,000 is of paper with forged endorsements, which has been *shaved* at ruinous rates. * * * It is rumored that several banks will suffer severely by this extraordinary event, and it is certain that it will fall heavily upon individuals. But the recuperative energies of Buffalo will soon overcome the shock she has received, and the 'speculations' of Rathbun be only remembered as a caution for the future."

Money was tight during the autumn, and even tighter as winter drew on; the more timid began to be alarmed, and a considerable number of men were thrown out of employment in consequence of the stopping of manufactories. But the country at large was still hopeful, and the failures were few.

From the Providence Courier of December 1st, 1836.

"The following transaction, which took place in Boston during the present week, will give some idea of the straits to which even the rich are reduced. A rich man had borrowed ten thousand dollars of an institution, which circumstances required he should pay on a certain day. He gave his notes to one of our banks for six months on interest, and obtained notes of the bank. He then paid a broker one per cent. to get the money for him, giving these notes as security. The broker obtained the money at two and a half per cent. a month for six months. Thus eighteen hundred dollars were paid for the ten thousand for the six months. How many can afford such sacrifices long?"

THE FLOUR RIOTS.

From the N. Y. Journal of Commerce, December 7th, 1836.

"Notwithstanding the continuance of the pressure, Saturday passed off without any commercial disaster. The payments of merchants on that day are said to have been eight millions of dollars, and not a note lay over. The opinion is gaining ground that the crisis is past, and that the money market will shortly be easier. We hope so. On Friday, in Philadelphia, the United States Bank discounted \$900,000, and the Girard Bank \$300,000. Things are becoming easier there."

From the Journal of Commerce, January 1st, 1837.

"On Saturday several of the banks refused to receive merchants' checks in deposit. Immense sums which are usually liquidated by entries on the books of the bank had to be drawn out in bills. The consequence was that some of the banks were exhausted of bills, although a special effort was made to keep up a supply by signing them as fast as possible. After all, in a good many cases, the teller was obliged to give *due bills* for the occasion, which were of necessity passed for money and deposited at other banks. The incident is of no consequence, except as illustrating the importance of that department of the currency called checks. They save the use of a vast amount of bank notes, and lessen immensely the dangers of bank transactions. The refusal to take checks on deposit as usual put the last strain upon the mercantile strength of the city, as it prevented all fiction in payments, and compelled every man to furnish real cash. We are happy to state that so far as we know, every man furnished the cash, and every engagement was fulfilled. The merchants have now been proved in all sorts of ways, and by quadruple power, and stood the test. We hope they may soon be relieved from further testing of their strength."

THE NEW YORK FLOUR RIOTS OF 1837.

In February, 1837, flour reached what was then considered the enormous price of twelve dollars a barrel, and large numbers of those whom the pressure of the times had deprived of work, were distressed in the extreme, and were in want of the necessities of life. The rumor was started that the high price of flour was caused by a combination of dealers to hold back an adequate supply from market, and a meeting was called by some arrant demagogues to denounce the alleged combination. What followed was thus related by the *Commercial Advertiser* of February 14th, 1837:

At four o'clock a concourse of several thousands had convened in front of the city hall, composed, as we are assured, of the very *canaille* of the city, and combining within itself all the elements of outrage, riot and revolution. Moses Jaques was elected as the fitting chairman of such a meeting. But order was not the presiding genius on the occasion, and the meeting was divided into various groups, each of which was harangued by some chosen demagogue, after his own fashion and on his own account.

Conspicuous among the orators was Alexander Ming, Jr., a patriot who has several times been honored as one of the candidates for the office of register in this city. His discourse on the present occasion, is represented as having been less exciting and inflammatory than were those of his fellow orators, as he confined himself to the currency question—enforcing the doctrines of his colleague of reforms Colonel Benton, and advising people to discard bank notes, and receive nothing but the precious metals. At the close of his harangue, Ming introduced a set of resolutions, of the character of which, we are no further informed than that one of them proposed a memorial to the

legislature, praying a prohibition of all bank notes under one hundred dollars. The illustrious Bentonian patriot was then uplifted upon the shoulders of the sovereign mob, and borne proudly aloft over to Tammany Hall.

There were other speakers, however, who came directly to the business of the meeting, and in the most exciting manner denounced the landlords and the holders of flour, for the prices of rents and provisions. One of these orators, in the course of his address, after working upon the passions of his audience, until they were fitted for the work of spoil and outrage, is reported to have expressly directed the popular vengeance against Mr. Eli Hart, who is one of our most extensive flour dealers on commission. "Fellow citizens!" he exclaimed, "Mr. Hart has now 53,000 barrels of flour in his store; let us go and offer him eight dollars a barrel for his flour, and if he does not take it"—here some person touched the orator on the shoulder, and he suddenly lowered his voice and finished his sentence by saying, "we shall depart from him in peace." The hint was sufficient—and a large body of the meeting moved off in the direction of Mr. Hart's store in Washington between Dey and Courtlandt streets. The store is a very large brick building, having three wide but strong iron doors upon the street. Being apprised of the approach of the mob, the clerks secured the doors and windows, but not until the middle door had been forced and some twenty or thirty barrels of flour or more, rolled into the street, and the heads stove in. At this point of time Mr. Hart himself arrived on the ground with a posse of officers from the police. The officers were assailed by a portion of the mob in Dey street, their staves wrested from them and shivered to pieces. The number of the mob not being large at this time, the officers succeeded in entering the store, and for a short time interrupted the work of destruction.

The mayor next arrived at the scene of waste and riot, and attempted to remonstrate with the infatuated multitude on the folly of their conduct—but to no purpose; their numbers were rapidly increasing, and his honor was assailed with missiles of all sorts at hand, and with such fury that he was compelled to retire. Large reinforcements of the rioters having arrived, the officers were driven from the field, and the store carried by assault—the first iron door torn from its hinges, being used as a battering ram against the others. The *destructives* at once rushed in, and the windows and doors of the lofts were broken open—and now again commenced the work of destruction.

"Barrels of flour by dozens, fifties and hundreds were tumbled into the street from the doors, and thrown in rapid succession from the windows, and the heads of those which did not break in falling were instantly staved in. Intermingled with the flour, were sacks of wheat by the hundred, which were cast into the street and their contents thrown upon the pavement. About one thousand bushels of wheat, and four or five hundred barrels of flour, were thus wantonly and foolishly, as well as wickedly destroyed. The most active of the destructionists were foreigners—indeed the greater part of the assemblage were of exotic origin, but there were probably five hundred or a thousand others standing by and abetting their incendiary labors. Amidst the falling and bursting of the barrels and sacks of wheat, numbers of women were engaged, like the crones who strip the dead in a battle, filling the boxes and baskets with which they were provided, and their aprons with flour, and making off with it. One of the *destructives*—a boy named James Roach—was seen upon one of the upper window sills, throwing barrel after barrel into the street, and crying out with every throw, 'here goes flour at eight dollars a barrel!' Early in the assault Mr. Hart's counting room was entered, his books and papers seized and scattered to the wind. And herein probably consists his greatest loss.

"Night had now closed upon the scene; but the work of destruction did not cease until strong bodies of the police arrived, followed soon afterward by

detachments of troops. The store was then cleared by justices Lownds and Bloodgood, and several of the rioters were arrested and despatched to Bridewell under charge of Bowyer of the police. On his way to the prison, he and his assistants were assailed, his coat torn from his back, and several of the prisoners were rescued. Several more, however, were afterwards captured and secured.

"Before the close of the proceedings at Hart's store, however, the cry of 'Meech,' was raised—whereupon a detachment of the rioters crossed over to Coenties slip, for the purpose of attacking the establishment of Meech & Co., but the store of S. H. Herrick & Co, coming first in their way, they commenced an attack upon that. The windows were first smashed in with a shower of brickbats, and the doors immediately afterward broken. Some twenty or thirty barrels of flour were then rolled into the street, and the heads of ten or a dozen knocked in.

"The number of rioters engaged in this work was comparatively small, and they soon desisted from their labors, probably from an intimation that a strong body of the police were on their way thither. Another account is, that they were induced to desist from the work of mischief, by an assurance from the owner, that if they would spare the flour, he would give it all to the poor to-day. Be this, however, as it may, the officers were promptly on the spot, and by the aid of the citizens who collected rapidly, the wretched rabble was dispersed—some thirty or forty of them having been taken and secured at the two points of action. Unfortunately, however, the ringleaders escaped, almost, if not quite, to a man."

CHAPTER V.

THE GREAT CRASH AT LAST.

The South and Southwest were the first to give way. The Cotton interest was prostrate. The inflation of the last three years had stimulated the production of cotton to an enormous extent, and the inflation in England, by stimulating manufactures, had kept up the price of the great staple. In the spring of 1837, came the re-action. Manufactures languished. The immense crop of 1836 could not be sold. Bankers and brokers who had made large advances upon that crop—advances proportioned to the recent high price of the article—were the first victims; and in their fall they bore down with them the entire edifice of American credit. About the 15th of March, 1837, the news reached New York, that the great house of Herman, Briggs & Co., of New Orleans, cotton factors, had failed for eight millions of dollars. Before showing the effect of this news upon New York, we may mention, that within a month after the failure of Herman, Briggs & Co., the whole South-west, as though by a simultaneous and irresistible impulse, became bankrupt. In Mobile, *nine-tenths* of all the mercantile firms failed. In New Orleans, every house of importance went down; one concern owing fifteen millions of dollars! The business of shipping cotton and sugar was so completely paralysed,

that days passed without a single transaction of any kind occurring. In a word, the great region of country depending for its resources upon the raising of cotton and sugar, was, in the space of less than four weeks, incapacitated from paying the vast sums which it owed the northern cities, or any considerable part of the same. In a business sense, for the time being, the South was prostrate and helpless! Cotton fell, in a few days, from seventeen cents to ten cents; sugar in about the same proportion, and tobacco was unsaleable at any price.

THE CRASH IN NEW YORK.

The immediate effect of the news in New York of the great failure at New Orleans was to cause the "suspension" of the then celebrated and important house of J. L. & S. Joseph & Co., who were under acceptances from New Orleans to the amount of several millions of dollars. It was given out (as it always is) that the suspension would be but temporary, and that all debts would be paid with interest. It was even said that the house would resume on the following Monday. The suspension, however, turned out to be a most complete and disastrous failure. The house had been *eaten hollow* by discounters and shavers, and in a few days after the suspension, the furniture of the leading partner was sold at public auction for the benefit of the creditors. The failure of this house fell upon the town and country like a thunderbolt, and from that day the grand crash began. No one yet, however, began to foresee the full extent of the danger, and the commercial papers still flattered their readers from day to day that the *crisis had passed*, and that in a few days all would be well again.

Note the following extracts from the *Journal of Commerce* of March 27, 1837 (a few days after the failure of the Joseph's), and from *Bicknell's Reporter* of March 28th:—

From the Journal of Commerce, March 27, 1837.

"It cannot be denied that people were tremendously scared last week, and it cannot be denied that after all, they were not much hurt. Only two or three houses could not make notes or draw bills good enough to appease public anxiety—yet almost every note which fell due proved good. * * * Unless the screws can be turned down harder, we may as well give over looking for the grand crash which has been so long waited for, and which it was thought must certainly have come last week. The reason why the merchants do not fail is, first, they do not choose to, and, second, they are not obliged to. They are rich, that is the secret of the wonder, and we cannot be mistaken in believing that this fact having been so abundantly proved, confidence will be resumed."

From Bicknell's (Phila.) Reporter of March 28, 1837.

"The credit of Philadelphia will not suffer in the slightest degree by the recent disasters. There is no city in the Union that contains a larger body of sounder or more upright commercial men, or a greater amount of intrinsic wealth. *Our banks are all perfectly safe*, pursuing the even tenor of their way within their means; and the little storm that we have alluded to will only serve to render the enterprising a little more cautious, and, in the end, to purify the atmosphere of the money market."

Just so, the commercial papers of 1857 have been talking all through the present revulsion. *Just so*, class papers will always flatter and delude the class which supports them. In 1837, as in 1857, the New York *Herald* was the first of the New York papers to get an inkling of the real nature of the crisis. It told them, as it tells now, the disagreeable truth about the matter, instead of the pleasant lie.

The merchants of New York, when the panic of 1837 was getting frantic, sent a deputation to Nicholas Biddle, President of the United States Bank, (then a state institution of Pennsylvania, but retaining, in common parlance, its ancient name,) asking the help of his renowned financial genius to get them out of their difficulties. Mr. Biddle, who was still as completely in the dark respecting the nature and extent of those difficulties as the humblest scribe in his bank, replied, in effect, that, owing to certain accidental and temporary causes, *private credit*, for the moment, was impaired, and, in consequence, the whole system of foreign and domestic exchanges was deranged. "For this," continued the financier, "the appropriate remedy seems to be, to substitute, for the private credit of individuals, the *more known and established credit of the bank*, until public confidence in private stability has time to revive. To the foreign exchanges I would apply that restorative by issuing the engagements of the bank, payable in London, Paris and Amsterdam, to be remitted in lieu of private bills. These will be ready for the next packet, and they will enable the country to make without injury an early provision for the adjustment of foreign exchanges by the natural operation of remitting its produce and its coin. A similar operation I shall recommend to the board in respect to the domestic exchanges, by an enlarged and immediate purchase of bills of exchange on the distant sections of the Union."

These smooth and plausible words, aided by the operations proposed, gave relief to the money market for the space of *four days*!

To show still further how *utterly ignorant* financial and commercial writers sometimes are of the real nature of finance and business, we copy another short passage from the *Journal of Commerce* of the fourth day after Mr. Magician Biddle had waved his healing wand over a paralyzed metropolis.

From the Journal of Commerce, April 3d, 1837.

"The past week will long be remembered by our merchants as a season of trial and difficulty, such as has not before been experienced for many years. It will be remembered also, we trust, as the crisis of the great financial troubles which have been gathering for more than a year past from the combined influence of speculation, the surplus revenue, bad government, etc. The first three days of the week were indeed gloomy; a number of failures occurred, chiefly, however, of houses essentially sound, but which were unable to sustain themselves under the tremendous money pressure which existed, and what was worse than all, in some of its bearings, *Confidence*, that essential element of credit, appeared to be entirely at an end. It was a glorious time for panic-makers, croakers, and assassins of credit, and well did they improve the opportunity afforded them. We could mention a dozen of our largest and best houses, who were reported among the fallen, but who still survive

unharnied. The temporary suspension of payments by Messrs. E. M. Morgan & Co., who were agents for 20 or 30 country banks, gave opportunity to the enemies of such institutions to propagate suspicions concerning them; and all of these troubles were aggravated, we will not say wantonly aggravated, by a portion of the press.

"Thus things were proceeding, when, by a concerted movement, between the U. S. Bank and our local institutions, measures were adopted for the relief of the community; and from that moment the state of the money market has been evidently improving. During the last three days, there has not been a single failure. Stocks which had been rapidly declining began to rally, and confidence, though still scarce, was perceptibly gaining ground. We feel assured that these encouraging indications will continue and increase until the money market shall recover its usual healthy condition." (And so on, in the same strain, for half a column.)

Yet, in two days, the market was down again to a lower point than ever, and a deeper gloom overspread the city than was ever known before. Read the following:—

From the New York Transcript, April 6, 1837.

"Yesterday was a day that tried men's souls; the money market was tighter than ever. For the first day or two it has been more so than at any time during the pressure, and should it continue to become more so, things will be brought to a focus pretty quickly, for our merchants will become discouraged and stop when they are solvent. Yesterday there were several very heavy failures, principally among our dry goods people, which class of merchants were considered the cream of New York, and have stood the high price of money nobly, and so long, that it was thought they would weather the point, and pass the gale unharmed. The payments of the New York dry goods jobbing houses were very heavy during the months of April and May, and the small return of money from the South, with the tremendous quantity of protested paper, had driven them to despair and eventually to fail. It is estimated that the *Southern merchants do not pay five cents on the dollar of which they owe in New York*; and some of our large Southern houses have, for the last two or three months, paid both sides of their note book, which speaks volumes in their favor."

Through the whole month of April, the failures continued, and things grew worse and worse. Toward the close of the month, there was one transient gleam of sunshine afforded by the arrival of favorable news from England. At that time the three great American houses in England were Thomas Wilson & Sons, Thomas Wilder & Co., and Timothy Wiggins, (the "Three W's.") The news was, that the Bank of England had agreed to assist those houses to sustain the awful pressure upon them to the extent of £500,000, and that the financial pressure in England seemed to be relieved. For one day the city feebly smiled; though on that day, many thousand laborers petitioned the Common Council for work, alleging that their families were in want of food.

About the 25th of April, the merchants of New York, in desperation, held a meeting at the Masonic Hall, and resolved to send a committee of "not less than fifty," to Washington, to wait on the President, and urge the immediate rescinding of the "specie circular" as the only measure of saving the country from "universal bankruptcy." "The meeting," said the *N. Y. American*, "was a remarkable one, for the vast number assembled—the entire decorum of

the proceedings—and, especially, from the deep, though subdued, and restrained excitement, which evidently pervaded the mighty mass. It was a spectacle that could not be looked upon without emotion, that of many thousands of men, trembling as it were on the brink of ruin, owing to the measures, as they verily believe, of their own government, which should be their friend, instead of their oppressor—and yet meeting with deliberation and calmness, listening to a narrative of their wrongs, and the causes thereof; adopting such resolutions as were deemed judicious, and then quietly separating to abide the result of their firm but respectful remonstrances."

The deputation, reduced to fifteen, repaired to Washington, and sought an interview with the President. The wily and politic Van Buren refused to confer with them except in writing; and accordingly in entering the "presence," they merely read a statement of their case, and the petition of which they were the bearers. Mr. Van Buren, to his honor, his immortal honor, stood firm to his principles, refused to rescind the specie circular, and thus kept the federal government, for ever, separate from the financial institutions of the people—which was the great gain to the nation of the revulsion of 1837, and *it was worth the price!!!*

No sooner was this news known than the pressure resolved itself into mere mad and blind panic. *The bottom was out.*

Here is a brief record of some of the events of the first few days of May, 1837.

May 4.—John Fleming, President of the Merchants' Bank, fell dead from excessive anxiety with regard to the affairs of the bank. A run set in on all the banks.

May 5th.—Merchants failed by whole blocks. "It is in vain to disguise," said the *N. Y. American*, "that the whole frame of society is out of joint."

May 6th.—The failures worse and worse. U. S. Bank Stock, for the first time in twenty years, fell below par. It was quoted to-day at 98; not a stock in the market brought par.

May 7th.—The Dry Dock Bank, after a hard run, stopped payment.

May 8th.—Steady drain on the banks. Failures too numerous to chronicle. No bank stock at par, but a few shares of Utica rail road sold at 102.

May 9th.—*Furious* run on all the banks—depositors and bill holders mingling in one indiscriminate mass, all desperate to get their money. *N. Y. American* said: "The banks are all safe, as the run is ridiculous." *That very evening*, a meeting of bank officers was held, at which it was resolved to suspend specie payments the next morning. Three banks opposed the measure, namely, the Merchants', the Manhattan, and the Bank of America; but the next morning, they felt compelled to suspend.

May 10.—The suspension announced. The city drew a long breath, and felt relieved. At noon, a meeting of merchants was held at the Exchange to sustain the banks. President, James Boorman; Vice Presidents, Nathaniel Prime, Gideon Lee, David Leavitt, P. G. Stuyvesant, Girtain C. Verplanck, William B. Astor, Urenddent Phelps, Robert Lenore, Stephen Whitney, C.

H. Russell, Benjamin Birdsall, Joseph Defew, Andrew Lockwood, Philetus H. Woodruff, Samuel Ward; Secretaries, John H. Stephens, Richard M. Blatchford, W. H. Aspinwall. The resolutions were moved by James G. King, and seconded by Nathaniel Prime.

May 11th.—Chaos, bewilderment, despondency and lamentation. Three hundred firms in the city had failed.

The following table shows that the suspension of specie payments throughout the country proceeded as rapidly as the mail bore the news of the suspension in New York:

PROGRESS OF BANK SUSPENSION OF 1837.

Planter's and Agricultural Banks, Natchez;	- - - - -	May 4
State Bank at Montgomery, Ala.,	- - - - -	" 9
New York City Banks,	- - - - -	" 10
Albany, Hartford, New Haven, Philadelphia, Providence, and Baltimore,	- - - - -	" 11
Mobile and Boston,	- - - - -	" 12
New Orleans (6 Banks),	- - - - -	" 13
Washington, D. C.,	- - - - -	" 15
Montreal,	- - - - -	" 16
Charleston, Cincinnati, and Quebec,	- - - - -	" 17
State Bank of North Carolina,	- - - - -	" 18
Savannah and Augusta,	- - - - -	" 19

In the crash of 1837, stocks do not appear to have suffered the extreme fluctuations which they have experienced in 1857. Taking the stock of the United States Bank as a specimen, we present the following:

Prices of the U. S. Bank Stock during the crash of 1837.

January 6th,	116	May 11th,	103 (Utica R. R. 113.)
March 19th,	119	" 12th,	104
" 29th,	118	" 13th,	110
May 2d,	111	" 15th,	110
" 4th,	108	" 18th,	109 $\frac{1}{2}$
" 5th,	102	" 19th,	111
" 6th,	98	" 23d,	107 $\frac{1}{2}$
" 8th,	96	" 26th,	103
" 9th,	96	" 31st,	101
" 10th, (suspension,) 100		Nov. 24th,	121

CONTRACTION OF DISCOUNTS AND CIRCULATION.

The following statement was furnished by the Bank Commissioners for the purpose of showing the general condition of the banks in May, as compared with their condition on the 1st of January, 1837:

HARD CASH AT THE CUSTOM HOUSE.

Eighteen New York City Banks.

	1st January.	4th May.
Loans and Discounts, - - - - -	36,442,000	35,685,000
Specie, - - - - -	3,854,000	2,596,000
Circulation, - - - - -	8,155,000	4,931,000
Individual Deposites, - - - - -	11,180,000	9,536,000
United States " - - - - -	7,176,000	3,800,000

Sixty-Three Country Banks.

	1st January.	4th May.
Loans and Discounts, - - - - -	26,979,000	26,822,000
Specie, - - - - -	1,459,000	1,100,000
Circulation, - - - - -	12,461,000	9,601,000

Thus, the City banks had reduced their discounts about \$800,000, and their circulation three millions and a quarter!

HARD CASH AT THE CUSTOM HOUSE.

The government having decreed that nothing but specie should be received at the Custom House, the merchants were so extremely inconvenienced that the Collector, Samuel Swartwout, went to Washington to endeavor to obtain some mitigation of the difficulty. On his return, a meeting of merchants convened to hear his report. The New York *American* says:—

"A meeting of merchants, convened to hear the report of the Collector on his return from Washington, was held at one o'clock at the Exchange. Mr. Swartwout, on presenting himself, was loudly cheered. He stated, that immediately on receiving the order requiring specie payments, on Saturday, convinced of the impracticability of enforcing it, he started for Washington to represent the case to the Government.

"The Secretary and President both expressed great sympathy with the merchants, but the former exhibited the law, which forbade, as he said, any other course. No order, other than that given, could be issued—nor could that be withdrawn. On a suggestion from the Collector, that permission might be given to delay acting on that order, it was replied that such permission would virtually be an infringement of the law, but that in the meantime, the Executive would seek to devise any means which, in addition to an early call of Congress, might tend to alleviate the sufferings of the country. Mr. S. then added, that as no discretion could be exercised by the Department at Washington, nor authorized in the Collector, he had determined to throw himself on the merchants, on Congress, and on his country, for his justification in continuing to take, until after the meeting of Congress, *current notes in payment of duties and bonds*. This annunciation was received with deafening cheers, in the midst of which, Mr. Swartwout left the Exchange. The meeting was then organized, James G. King being called to the chair, and J. A. Stevens appointed Secretary; when, on motion of Daniel Jackson, seconded by —, it was resolved, that the Chairman and Secretary, together with the mover and seconder, be a committee to address, in the name of the meeting, a letter of thanks to Mr. Swartwout for his manly conduct.

THE TROUBLES OF A TRAVELLER.

The currency being totally deranged, travellers were put to strange shifts.

The following narrative appeared in the papers a few days after the suspension :

"I left New York on Thursday and anticipating some trouble in passing Utica money, obtained two five dollar New Jersey bills, from my obliging friend and kind host, Mr. Bunker. I was able to get over to Philadelphia very well, and received silver to the amount of \$1 50, in exchange for one of my bills. I was able to pay my bill in Philadelphia with that and other silver, and had one dollar in specie remaining when I went on board the steamboat for New York. I immediately offered my New Jersey five dollar note, which was refused, and I was informed that no money would be received except specie, and notes of the Philadelphia and New York banks. Whilst this conversation was going on, a gentleman from Troy offered a five dollar note of the Troy City Bank; he was promptly told that no Safety Fund notes would be received. As we had no Philadelphia or New York City money, we were in some trouble, as it was early in the morning and no broker could be found. We made up our minds to go on at any rate. After we had ascended the Delaware a few miles, we went to the captain and stated our case; he seemed somewhat provoked that we had come on, for he said he had heard the young man tell us that our money would not be received. He finally, however, consented to take my New Jersey five dollar note, if we could muster one dollar in silver, and give us two tickets for our passage. I stated to him that I wanted breakfast, as did also the Troy gentleman; he said he could not help that. I took therefore two tickets, amounting to six dollars, having just one dollar in silver, and we were compelled to go without our breakfasts. Fortunately, the gentleman from Troy had a shilling and three cents in specie, with which he purchased some gingerbread and apples, which we divided between us, and thus we got back to New York. The Troy gentleman could only pay me in a three dollar Vermont bill, and I had no other bills less than five dollars. On my passage up the North River, I paid away this three dollar Vermont bill, and took two supper tickets, in order to make change. Thus, in the end, although I had no breakfast, I became entitled to two suppers."

THE JOKES OF THE CRASH OF 1837.

From the N. Y. Sun.

"During the performance of Brutus at the National Theatre, a gentleman asked his comrade what was the meaning of the letters S. P. Q. R., on the banners. 'Why, the meaning is plain enough, Tom,' replied his friend, 'it means Specie Payment Quite Rare!'"

From the Baltimore Gazette.

"A market man at Lowell, Mass., being like every one else, bothered for change, has hit upon a new expedient. With his marketables, he carries a basket from which he makes change in hens' eggs. Now, unless the Legislature, like some other wise bodies, should enact a penalty 'for issues of so small a denomination,' we don't see why the Lowell man will not get along very well."

From the N. Y. Commercial Advertiser.

"The 'egg currency' is certainly better and more convenient than that of some countries we wot of—Texas for instance, where they pay in cows for large sums, and throw in the calves for the change."

HARD TIMES FOR FIVE YEARS.

Ten days after the banks of New York had suspended specie payments, Gov. Marcy signed a bill legalizing the suspension, and authorizing the banks

of the state to issue twenty-nine and a half millions of paper. To provide a circulating medium, "shinplasters" were issued in millions. The crops of 1837 were, fortunately, abundant, but during the winter of 1838, there was extreme suffering among the poor, owing to the scarcity of employment. In the life of Horace Greeley, we find the following notice of that dreadful winter.

"The winter of 1838 was unusually severe. The times were hard, fuel and food were dear, many thousands of men and women were out of employment, and there was general distress. As the cold months wore slowly on, the sufferings of the poor became so aggravated, and the number of the unemployed increased to such a degree, that the ordinary means were inadequate to relieve even those who were destitute of every one of the necessities of life. Some died of starvation. Some were frozen to death. Many, through exposure and privation, contracted fatal diseases. A large number who had never before known want, were reduced to beg. Respectable mechanics were known to offer their services as waiters in eating houses for their food only. There never had been such a time of suffering in New York before, and there has not been since. Extraordinary measures were taken by the comfortable classes to alleviate the sufferings of their unfortunate fellow citizens. Meetings were held, subscriptions were made, committees were appointed; and upon one of the committees Horace Greeley was named to serve, and did serve, faithfully and laboriously, for many weeks. The district which his committee had in charge was the Sixth Ward, the 'bloody' Sixth, the squalid, poverty stricken Sixth, the pool into which all that is worst in this metropolis has a tendency to reel and slide. It was his task, and that of his colleagues, to see that no one froze or starved in that forlorn and polluted region. More than this they could not do, for the subscriptions, liberal as they were, were not more than sufficient to relieve actual and pressing distress. In the better parts of the Sixth Ward a large number of mechanics lived, whose cry was, not for the bread and the fuel of charity, but for WORK! Charity their honest souls disdained. Its food choked them, its fire chilled them. Work, give us work! was their eager, passionate demand.

The spring brought relief, but the business of the country remained stagnant and disordered till 1842. The year 1841 was perhaps the gloomiest of all. The failure of the United States' Bank, in consequence of its ill-judged, but well-meant endeavors to sustain the cotton interest, brought ruin upon thousands, and depressed business to the lowest point. In 1841, more than 3000 houses in Philadelphia stood vacant. But it was darkest just before the dawn of better times. In 1842, the long period of *enforced economy* on the part of the people, aided by the stimulating tariff of that year, and the hopes infused by a new administration, began to give tone to the body politic. From 1842 to 1857, the country enjoyed great apparent, and some real, prosperity. The New York banks resumed specie payment in May 1838, but it was not till 1842, that the resumption became general and permanent. Philadelphia resumed and suspended three times before her final resumption in that year.

CHAPTER VI.

OPINIONS RESPECTING THE CAUSE OF THE REVULSION.

It is curious to notice how blind many otherwise clear-headed persons were to the true causes of the difficulty of 1837, or what contradictory opinions were expressed on every hand.

OPINION OF THE WHIG PARTY AS EXPRESSED IN THE N. Y. AMERICAN.

From the N. Y. American, May 5, 1837.

"When the cause of our calamities is traced mainly to misgovernment, we hear it said, 'Oh, for God's sake, do not make this a political matter.' Not make it a political matter? Why, it is from politics, base, vile, mercenary, personal politics, that the evil is what it is. It is to the fatal popularity of Andrew Jackson, which gave currency to every measure that the corruption or resentments of his irresponsible minions and flatterers suggested to him—it is to the dishonorable sycophancy which thought it 'glory enough' to serve under, and render unquestioning obedience to such a chief, that the overwhelming ruin which is desolating this land is, in a large degree, to be ascribed.

"True, there has been overtrading—true, there has been expansion of the currency—true, there has been a wild spirit of speculation—but all these would have been moderated, controlled, and rendered less disastrous, if the balance-wheel of our whole monetary system, the Bank of the United States, had not been broken, and if that scarcely less mischievous measure, the forced introduction from Europe to which we were and are in debt, of its specie treasures, had not been undertaken."

THE OPINION OF PRESIDENT VAN BUREN.

The extra session of Congress, called to devise measures of relief, began on the fourth of September, 1837. The President's Message was looked for with the most intense interest. Mr. Van Buren gave the following opinion of the causes of the total prostration of credit:—

"The history of trade in the United States for the last three or four years, affords the most convincing evidence that our present condition is chiefly to be attributed to overaction in all the departments of business; an overaction deriving, perhaps, its first impulses from antecedent causes, but stimulated to its destructive consequences by excessive issues of bank paper, and by other facilities for the acquisition and enlargement of credit. At the commencement of the year 1834 the banking capital of the United States, including that of the national bank then existing, amounted to about two hundred millions of dollars; the bank notes then in circulation, to about ninety-five millions; and the loans and discounts of the banks to three hundred and twenty-four millions. Between that time and the first of January, 1836, being the latest period to which accurate accounts have been received, our banking capital was increased to more than two hundred and fifty-one millions; our paper circulation to more than one hundred and forty millions; and the loans and discounts to more than four hundred and fifty-seven millions. To this vast increase are to be added the many millions of credit, acquired by means of foreign loans, contracted by the States and State institutions, and above all by the lavish accommodations extended by foreign dealers to our merchants.

"The consequences of this redundancy of credit and of the spirit of reckless speculation engendered by it, were, a foreign debt contracted by our citi-

zens, estimated, in March last, at more than thirty millions of dollars; the extension to traders in the interior of our country, of credits for supplies, greatly beyond the wants of the people; the investment of thirty-nine and a half millions of dollars in unproductive public lands, in the years 1835 and 1836, whilst, in the preceding year the sales amounted to only four and a half millions; the creation of debts, to an almost countless amount, for real estate in existing or anticipated cities and villages, equally unproductive, and at prices now seen to have been greatly disproportionate to their real value; the expenditure of immense sums in improvements which, in many cases, have been found to be ruinously improvident; the diversion to other pursuits of much of the labor that should have been applied to agriculture, thereby contributing to the expenditure of large sums in the importation of grain from Europe—an expenditure which, amounting in 1834 to about two hundred and fifty thousand dollars, was, in the first two quarters of the present year, increased to more than two millions of dollars; and finally, without enumerating other injurious results, the rapid growth among all classes, and especially in our great commercial towns, of luxurious habits, founded too often on merely fancied wealth, and detrimental alike to the industry, the resources, and the morals of our people.

"It was so impossible that such a state of things could long continue, that the prospect of revulsion was present to the minds of considerate men before it actually came. None, however, had correctly anticipated its severity. A concurrence of circumstances, inadequate of themselves to produce such widespread and calamitous embarrassments, tended so greatly to aggravate them, that they cannot be overlooked in considering their history. Among these may be mentioned, as most prominent, the great loss of capital sustained by our commercial emporium in the fire of December, 1835—a loss, the effects of which were underrated at the time, because postponed for a season by the great facilities of credit then existing; the disturbing effects, in our commercial cities, of the transfers of the public moneys required by the deposite law of June, 1836; and the measures adopted by the foreign creditors of our merchants to reduce their debts, and to withdraw from the United States a large portion of our specie.

"However unwilling any of our citizens may heretofore have been to assign to these causes the chief instrumentality in producing the present state of things, the developments subsequently made, and the actual condition of other commercial countries, must, as it seems to me, dispel all remaining doubts upon the subject. It has since appeared that evils, similar to those suffered by ourselves, have been experienced in Great Britain, on the continent, and, indeed, throughout the commercial world; and that, in other countries, as well as in our own, they have been uniformly preceded by an undue enlargement of the boundaries of trade, prompted, as with us, by unprecedented expansions of the systems of credit. A reference to the amount of banking capital, and the issues of paper credits put in circulation in Great Britain, by banks, and in other ways, during the years 1834, 1835, and 1836, will show an augmentation of the paper currency there, as much disproportioned to the real wants of trade as in the United States. With this redundancy of the paper currency, there arose in that country also a spirit of adventurous speculation, embracing the whole range of human enterprise. Aid was profusely given to projected improvements; large investments were made in foreign stocks and loans; credits for goods were granted with unbounded liberality to merchants in foreign countries, and all the means of acquiring and employing credit were put in active operation, and extended in their effects to every department of business, and to every quarter of the globe. The reaction was proportioned in its violence to the extraordinary character of the events which preceded it. The commercial community of Great Britain were subjected to the greatest difficulties, and their debtors in this country were

not only suddenly deprived of accustomed and experienced credits, but called upon for payments, which in the actual posture of things here, could only be made through a general pressure, and at the most ruinous sacrifices.

"In view of these facts, it would seem impossible for sincere inquirers after truth to resist the conviction that the causes of the revulsion in both countries have been substantially the same. Two nations, the most commercial in the world, enjoying but recently the highest degree of apparent prosperity, and maintaining with each other the closest relations, are suddenly, in a time of profound peace, and without any great national disaster, arrested in their career, and plunged into a state of embarrassment and distress. In both countries we have witnessed the same redundancy of paper money, and other facilities of credit; the same spirit of speculation; the same partial successes; the same difficulties and reverses, and, at length, nearly the same overwhelming catastrophe."

THE OPINION OF NICHOLAS BIDDLE ON THE EFFECTS OF REQUIRING THE PUBLIC LAND TO BE PAID FOR IN HARD CASH.

"The whole pecuniary system of this country, that to which, next to its freedom, it owes its prosperity, is the system of credit. Our ancestors came here without money—but with far better things—with courage and industry—and the want of capital was supplied by their mutual confidence. This is the basis of our whole commercial and internal industry. The government received its duties on credit, and sold its lands on credit. When the sales of lands on credit became inconvenient from the complication of accounts, the lands were sold for what is termed cash. But this was only another form of credit, for the banks, by lending to those who purchased lands, took the place of the government as creditors—and the government received their notes as equivalent to specie, because always convertible into specie. This was the usage—this may be regarded as the law of the country. By the resolution of Congress passed on the 30th of April, 1816, it was declared that "no duties, taxes, debts, or sums of money, accruing or becoming payable to the United States as aforesaid, ought to be collected or received otherwise than in the legal currency of the United States, or treasury notes, or notes of the Bank of the United States, or in notes of banks which are payable and paid on demand in the said legal currency of the United States."

"This resolution presents various alternatives—the legal currency—or treasury notes—or notes of the Bank of the United States—or notes of specie paying banks. A citizen had a right to choose any one of these modes of payment. He had as much right to pay for land with the note of a specie paying bank, as to pay it for duties at the custom house. If this be denied, certainly any one of them might be accepted by the treasury—but to prescribe all but one—to refuse everything but the most difficult thing—to do this without notice of the approaching change in the fundamental system of our dealings—is an act of gratuitous oppression.

"Under the operation of this resolution, the banks had gone on, fearing nothing, as they only had to provide for the usual specie calls upon them—and saw the country full of specie, with no foreign demand to drain it from them—when, on a sudden, without any intimation of the coming shock, an order was issued by the secretary, declaring that their notes were no longer receivable, and, of course, inviting all who held the notes, or had deposits in these banks, to convert them into specie. It in fact, made at once the whole amount of their circulation and private deposits a specie demand upon them. The first consequence was that the banks nearest the land offices ceased making loans. The next was, that they strove to fortify themselves by accumulating specie. It was just at this moment that the warrants for transfers were put into their hands. The combination of the two measures produced a double result—first,

to require the banks generally to increase their specie, and next, to give them the means of doing it by drafts on the deposite banks. The commercial community were thus taken by surprise. The interior banks making no loans, and converting their Atlantic funds into specie, the debtors in the interior could make no remittances to the merchants in the Atlantic cities, who are thus thrown for support on the banks of those cities, at a moment when they are unable to afford relief on account of the very abstraction of their specie to the West. The creditor States not only receive no money, but their money is carried away to the debtor States, who, in turn, cannot use it, either to pay old engagements, or contract new. By this unnatural process, the specie of New York and the other commercial cities is piled up in the Western States—not circulated, not used, but held as a defence against the treasury—and while the West cannot use it, the East is suffering for the want of it. The result is, that the commercial intercourse between the West and the Atlantic is almost wholly suspended, and the few operations which are made are burdened with the most extravagant expense. In November, 1836, the money has risen to twenty-four per cent.—merchants are struggling to preserve their credit by ruinous sacrifices—and it costs five or six times as much to transmit funds from the West and South West, as it did in November, 1835, or 34, or 32. Thus while the exchanges with all the world are in our favor—while Europe is alarmed, and the bank of England itself uneasy at the quantity of specie we possess—we are suffering because from mere mismanagement, the whole ballast of the currency is shifted from one side of the vessel to the other. In the absence of good reasons for these measures, and as a pretext for them, it is said that the country has over-traded—that the banks have over issued, and that the purchasers of public lands have been very extravagant. I am not struck by the truth or propriety of these complaints. The phrase of overtrading is very convenient, but not very intelligible. If it means anything, it means that our dealings with other countries have brought us in debt to those countries. In that case the exchange turns against our country, and is rectified by an exportation of specie or stocks in the first instance—and then by reducing the imports to the exports. Now, the fact is, that at this moment, the exchanges are all in favor of this country—that is, you can buy a bill of exchange on a foreign country cheaper than you can send specie to that country. Accordingly much specie has come in—none goes out. This, too, at a moment when the exchange for the last crop is exhausted, and that of the new crop has not yet come into the market—and when we are on the point of sending to Europe the produce of the country to the amount of eighty or one hundred millions of dollars. How, then, has the country overtraded? Exchange with all the world is in favor of New York. How then can New York be an overtrader? Her merchants have sold goods to the merchants of the interior, who are willing to pay, and under ordinary circumstances able to pay—but by the mere fault of the government, as obvious as if an earthquake had swallowed them up, their debtors are disabled from making immediate payment. It is not that the Atlantic merchants have sold too many goods, but that the government prevents their receiving pay for any. Moreover, in the commercial cities money can be had, though at extravagant rates, for capitalists add to the ordinary charges for the use of it a high insurance against the loss of it. It is not then so much that money is not to be procured, as that doubt and alarm increase the hazard of lending it.

"Then as to the banks. It is quite probable that many of the banks have extended their issues—but whose fault is it? Who called these banks into existence? The executive. Who tempted and goaded them to these issues? Undoubtedly the executive. The country five years ago, was in possession of the most beautiful machinery of currency and exchanges that the world ever saw. It consisted of a number of banks protected, and at the same time restrained by the bank of the United States.

"The people of the United States, through their representatives, re-chartered that institution. But the executive, discontented with its independence, rejected the act of Congress—and the favorite topic of declamation was, that the states would make banks, and that these banks would create a better system of currency and exchanges. The states accordingly made banks—and then followed idle parades about the *loans* of these banks, and their enlarged dealings in exchange. And what is the consequence? The Bank of the United States has not ceased to exist more than seven months, and already the whole currency and exchanges are running into inextricable confusion, and the industry of the country is burdened with extravagant charges on all the commercial intercourse of the Union. And now when these banks have been created by the Executive, and urged into these excesses, instead of gentle and gradual remedies, a fierce crusade is raised against them—the funds are harshly and suddenly taken from them, and they are forced to extraordinary means of defence against the very power which brought them into being. They received, and were expected to receive, in payment for the government, the notes of each other, and the notes of other banks, and the facility with which they done so, was a ground of special commendation by the government. And now that government has let loose upon them a demand for specie to the whole amount of these notes. I go further. There is an outcry abroad, raised by faction, and echoed by folly, against the banks in the United States. Until it was disturbed by the government, the banking system of the United States was at least as good as that of any other commercial country. What was desired for its perfection was precisely what I have so long striven to accomplish—to widen the metallic bases of the currency by a greater infusion of coin into the smaller channels of circulation. This was in a gradual and judicious train of accomplishment. But this miserable foolery about an exclusively metallic currency, is quite as absurd as to discard the steamboats, and go back to poling up the Mississippi. Banks may often err from want of skill, and occasionally be as injurious as steam is—but it is not the less true, that the banks of this country have been the great instruments of its improvement, and that, during all the convulsions of the last fifteen years, for every American bank that has failed, at least ten English banks have failed. So with regard to the lands. For the last few years, the amount of the sales of the public lands has been a constant theme of congratulation with the Executive. In the very last message, on the 12th of December, 1835, he repeats the same strain. '*Among the evidences of the increasing prosperity of the country, not the least gratifying is that afforded by the receipts of the public lands, which amount in the present year to eleven millions of dollars. This circumstance attests the rapidity with which agriculture, the first and most important occupation of man, advanced, and contributes to the wealth and power of our extended territory.*' In the same message he declared that the circulating medium has been greatly improved. By the use of the State banks, it is ascertained that *all the wants of the community in relation to exchange and currency are supplied as well as they have ever been before.* Scarcely seven months elapse when these pastoral and financial visions dissolve in air. Agriculture ceases to be 'the first and most important occupation of man,' the State banks cease to be the models of exchange and currency—but forth issues the secretary with a declaration that to protect the treasury 'from frauds, speculation, and monopolies in the purchase of public lands,'—from 'excessive bank credits'—from 'ruinous extensions of bank issues'—nothing shall be received for land but gold and silver.'

"Now what an exhibition is this?

"The public lands are exposed to public auction, the prices reduced in order to encourage sales, and the President stands by, exulting at the amount, when suddenly he declares that he will permit no speculations, and that he will raise the price of the lands, by raising the price of what alone he will receive—for

them. Now, supposing it true that men have bought too much land. What right has the President to dictate to the citizens of this country whether they buy too much land, or too much broadcloth? They might be permitted to know and to manage their own concerns, quite as well as he does, leaving the evil, if it be one, to correct itself by its own excess. If he prohibits the receipt of anything but specie to correct land speculations, he may make the same prohibition as to the duties on hardware, or broadcloth, or wines, whenever his paternal wisdom shall see us buying too many shovels, or too many coats, or too much champaigne—and this brings the entire industry of the country under his control."

DANIEL WEBSTER'S OPINION.

From a Speech delivered at Wheeling, Va. (about) May 20, 1837.

"I travel, gentlemen, for the purpose of seeing the country, and of seeing what constitutes the important part of every country—the people. I find everywhere much to excite, and much to gratify admiration, and the pleasure I experience is only diminished by remembering the unparalleled state of distress which I have left behind me, and the apprehensions, rather than the feeling, of severe evils which I find to exist wherever I go.

"I cannot enable those who have not witnessed it, to comprehend the full extent of the suffering in the eastern cities. It was painful, indeed, to behold it. So many bankruptcies among great and small dealers, so much property sacrificed, so many industrious men altogether broken up in their business, so many families reduced from competence to want. So many hopes crushed, so many happy prospects forever clouded, and such a fearful looking for still greater calamities, all form such a mass of evil as I had never expected to see, except as the result of war, of pestilence, or some other external calamity.

"I have no wish, in the present state of things, nor should I have, indeed, if the state of things were different, to obtrude the expression of my political sentiments upon such of my fellow-citizens as I may happen to meet, nor, on the other hand, have I any motive for concealing them, or suppressing their expression, whenever others desire that I should make them known. Indeed, on the great topics that now engage public attention, I hope I may flatter myself that my opinions are already known.

"Recent evils have not at all surprised me, except that they have come sooner and faster than I had anticipated. But, though not surprised, I am afflicted; I feel anything but pleasure in this early fulfilment of my own predictions. Much injury is done which the wisest future counsels can never repair, and much more that can never be remedied but by such counsels, and by the lapse of time. From 1832 to the present moment, I have foreseen this result. I may safely say I have foreseen it, because I have presented and proclaimed its approach in every important discussion and debate in the public body of which I am a member. In 1832 I happened to meet with a citizen of Wheeling, now present, who has this day reminded me of what I then anticipated as the result of the measures which the administration appeared to be forming with regard to the currency. In the summer of 1833, I was here, and suggested to friends what I knew to be resolved upon by the executive, namely, the removal of the depositories, which was announced two months afterward. That was the avowed and declared commencement of the '*Experiment*.' You know, gentlemen, the obloquy then and since cast upon those of us who opposed the '*Experiment*' You know that we have been called bank agents, bank advocates, bank hirelings. You know that it has been a thousand times said that the *Experiment* worked admirably, that nothing could be better, that it was the highest possible evidence of the practical wisdom and sagacity of its contrivers; and none opposed it, or doubted

its efficiency, but the wicked or the stupid. Well, gentlemen, here is the end, if this *is* the end, of this notable 'Experiment.' Its singular wisdom has come to this—its fine workings have wrought out an almost general bankruptcy.

"Its lofty promises, its grandeur, its flashes, that threw other men's sense and understanding back into the shade—where are they now? Here is 'the fine of fines, and the recovery of recoveries.' Its panics, its scoffs, its jeers, its jests, its jibes at all former experience, its cry of a 'new policy,' which was so much to delight and astonish mankind. To this conclusion has it come at last.

'But yesterday, it stood against the world ;
Now lies it there, and none so poor to do it reverence.'

"It is with no feelings of boasting or triumph, it is with no disposition to arrogate superior wisdom or discernment, but it is with mortification, with humiliation, with unaffected grief and affliction, that I contemplate the condition of difficulty and distress to which this country, so vigorous, so great, so enterprising, and so rich in internal wealth, has been brought by the policy of her government.

"We learn, to-day, that most of the eastern banks have stopped payment—deposite banks as well as others. The Experiment has exploded. That bubble which so many of us have all along considered as the offspring of conceit, presumption, and political quackery, has burst. A general suspension must be the result—a result which has come even sooner than was predicted. Where is now that better currency that was promised? Where is that specie circulation? Where are those rupees of gold and silver which were to fill the treasury of the government, as well as the pockets of the people? Has the government a single hard dollar? Has the treasury anything in the world but credit and depositories in banks that have already suspended specie payments? How are public creditors now to be paid in specie? How are the depositories which the law requires to be made with the States on the first of July, now to be paid? We must go back to the beginning and take a new start. Every step in our financial and banking system, since 1832, has been a false step. It has been a step which has conducted us farther and farther from the path of safety.

"The discontinuance of the National Bank, the illegal removal of the depositories, the accumulation of the public revenue in banks selected by the executive, and for a long time subjected to no legal regulation or restraint, and finally the unauthorized and illegal treasury order, have brought us where we are. The destruction of the National Bank was the signal for the creation of an unprecedented number of new State banks. Some of them with more disproportionate, and even more nominal capital, than the National Bank had possessed. These banks lying under no restraint from the general government or any of its institutions, issued paper corresponding to their own sense of their immediate interests and hopes of gain. The deposite with the State banks of the whole public revenue, then accumulated to a vast amount, and making this deposite without any legal restraint or control whatever, increased both the power and disposition of the banks for extensive issue. In fact, the government seems to have administered every possible provocation to the banks to induce them to extend their circulation. It uniformly, zealously and successfully opposed the land bill, a most useful measure, by which accumulation in the treasury would have been prevented; and, as if it desired and sought this accumulation, it finally resisted, with all its power, the deposite among the States. It is advanced as a reason for the present overthrow, that an extraordinary spirit of speculation has gone abroad, and has been manifested, particularly and strongly in the endeavor to purchase the public land; but has not every act of the government directly encouraged this spirit? It

accumulated revenue which it did not need, all of which it left in the deposite banks. The banks had money to lend, and there were those who were ready to borrow for the purpose of purchasing lands at government prices. The public treasury was thus made the great and efficient means of affecting those purchases which have since been so much denounced as extravagant speculation and extensive monopoly. These purchasers borrowed the public money ; they used the public money to buy the public property ; they speculated on the strength of the public money ; and while all this was going on, and every man saw it, the administration resisted to the utmost of its power every attempt to withdraw this money from the banks and from the hands of those speculators, and distribute it among the people to whom it belonged. If there has been overtrading, the government has encouraged it ; if there has been rash speculation in the public lands, the government has furnished the means out of the treasury. These unprecedented sales of the public domain were boasted of as a proof of a happy state of things, and of a wise administration of the government, down to the moment when Congress, in opposition to executive wishes, passed the distribution law, thus withdrawing the surplus revenue from the deposite banks. The success of that measure compelled a change in the executive policy, as the accumulation of a vast amount of money in the treasury was no longer desirable. This is the most favorable motive to which I can ascribe the treasury order of July. It is now said that that order was issued for the purpose of enforcing a strict execution of the law which forbids the allowance of credits upon purchasers of the public lands, but there was no such credit allowed before ; not an hour was given beyond the time of sale.

"In this respect, the order produces no differences whatever. Its only effect is to require an immediate payment in specie ; whereas, before, an immediate payment in the bills of specie-paying banks was demanded. There was no more credit in the one case than in the other ; and the government gets just as much specie in the one case as in the other ; for no sooner is the specie, which the purchaser is compelled to procure (often at great charge) paid to the receiver, than it is sent to the deposite banks, and the government has credit for it on the books of the bank ; but the specie itself has been again sold by the bank, or disposed of as it sees fit. It is evident that the government gets nothing by all this, though the purchaser, and especially the purchaser of small tracts, are put to great trouble and expense. No one gains anything but the bankers and the brokers. It is, moreover, most true, that the art of man could not have devised a plan more effectually to give the large purchasers or speculators a decided preference and advantage over small purchasers who purchase for actual settlement, than the treasury order of July, 1836. The stoppage of the banks, however, has now placed the actual settler in a still more unfortunate situation. How is he to get money to pay for his quarter section ? He must travel three or four times as many miles for it as he has dollars to pay, even if he should be able to obtain it at the end of that journey.

"I will not say that other causes, both at home and abroad, have not had in agency in bringing about the present derangement. I know that credits have been used beyond all former example ; that it is probable the spirit of trade has been too highly excited ; that the pursuit of business may have been pressed too fast, and too far. All this I am ready to admit. But, instead of doing anything to abate its tendency, our government has been the prime instrument of fostering and encouraging it. It has parted voluntarily, and by advice, with all control over the actual currency of the country. It has given a free and full scope to the spirit of banking. It has aided the spirit of speculation with the public treasure ; and it has done all this in the midst of loud-sounding promises of an exclusive specie medium, and a professed detestation of all banking institutions."

CHAPTER VII.

PANIC AND REVULSION OF 1857.

THE revulsion from which we are still suffering has been remarkable for its suddenness and severity.

On the 23d of August last, the country to all appearance, was in a state of high and general prosperity. The Fall business had opened well; in some branches of business, dealers had done as much as they chose to do. Merchants were returning from the watering-places in excellent spirits, without a surmise of disaster. Pleasure-seekers were coming to the metropolis in crowds to partake of the rich banquet of delights which the caterers for the public amusement had provided for the opening season. The harvest of grain and grass then fully garnered, was superabundant; and, though Indian corn was late, yet there was little doubt of its ultimate safety in all the states south of New England. The great staples of the South were in active demand at remunerating prices. The manufacturing interests of the North were under a cloud, it is true, but they had long been in that condition, and it excited little remark. The shipping interest, since the termination of the Crimean war, had been scarcely paying its way; but that, too, was an old story. In short, the whole country, on the morning of the last 24th of August, felt satisfied with itself and confident of its future.

The following are the prices at which some of the leading stocks were sold at the New York Stock Exchange on that day:—N. Y. Central, $77\frac{1}{2}$; Erie, 28; Reading, 66; Michigan Central, $76\frac{1}{2}$; Panama, 90; Illinois Central, 106; Delaware and Hudson Canal, $114\frac{1}{2}$; Park Bank, 102; American Exchange Bank, 110.

We now present the subsequent events in the form of a brief

DIARY OF DISASTER.

Aug. 24th, 1857.—Failure of the Ohio Life and Trust Company was announced. A few days before, its stock had sold at 102 , and it had declared a semi-annual dividend of 5 per cent. The failure astounded the street, and gave a shock to Confidence from which it has not yet begun to recover. This was the beginning disaster.

Aug. 25th.—John Thompson failed. The liabilities of the Ohio Life and Trust Company were found to be, at least, five millions, a large part of which were held by New York banks. Increased alarm and distrust. All stocks fell from three to seven per cent. N. Y. Central, 72; Erie 22; Panama, 86; Illinois Central, 104.

Aug. 26th.—Failure of seven country banks announced. Increasing scarcity of money. Further decline in stocks. N. Y. Central, 71; Erie, 20; Reading, 59; Panama, 84; Illinois Central, $99\frac{1}{2}$; Metropolitan Bank, 104.

Aug. 27th.—Slight rally. Metropolitan Bank, 105; Erie, 21; N. Y. Central, 75; Illinois Central, 99; Delaware and Hudson Canal, 113.

Aug. 28th.—Rally more than lost. Extreme pressure for money. Metropolitan Bank, 102; Park Bank, 99. Bank of Commerce, 100; Delaware and Hudson Canal, 112; N. Y. Central, 74; Ohio Life and Trust, 17; Erie, 20½.

Aug. 29th.—Slight decline on nearly all stocks. Park Bank, 98; Am. Ex. Bank, 100; Bank of N. Y., 110; Erie, 19. Two per cent. a month beginning to be thought a *favorable* rate for money.

Aug. 30th.—Sunday.

Aug. 31st.—The contraction of the New York banks had now reached five and a half millions in two weeks. Specie in banks \$9,241,305. Rumors of failures and extreme uneasiness.

Sept. 1st.—Failure of Mechanics' Banking Association; Beebee & Co., bullion dealers; Adams & Buckingham, and many others. Almost a panic. Teller of Mechanics' Banking Association a defaulter to the amount of \$72,000. Erie, 18; N. Y. Central, 72; Reading, 55.

Sept. 2d.—No new failures, and decided re-action from the fright of yesterday. Am. Ex. Bank, 95; Metropolitan Bank, 97; Del. and Hud. Canal, 108; Erie, 20½; N. Y. Central, 72.

Sept. 3d.—Still more decided rally. Cheerful, buoyant feeling everywhere; every one supposing that *now* the crisis was over. Metropolitan Bank, 99½; Del. and Hud. 109; N. Y. Central, 77; Erie, 24; Illinois Central, 104.

Sept. 4th.—The rally more than sustained. Slight advance on most of the leading stocks.

Sept. 5th.—Rally nearly all lost. Money very tight. Failure of Stillman & Allen. The first of the *very* blue Saturdays.

Sept. 6th.—Sunday.

Sept. 7th.—The contraction of the banks had now reached eight millions in three weeks. Specie in bank ten and a half millions. Bank statement discouraging. Several failures announced. No general fall in stocks, however.

Sept. 8th.—Awful pressure for money, and stocks all down.

Sept. 9th.—Fitzburgh & Littlejohn, proprietors of the old Oswego Transportation Co., failed. Other failures very numerous, and the city full of rumors and forebodings. Am. Ex. Bank, 98; Metropolitan Bank, 99; Park Bank, 84; Del. and Hud., 108; Erie, 19½; Panama, 80; N. Y. Central, 69; Reading, 41½; Illinois Central, 90.

Sept. 10th.—Large failures among dry goods houses. Rumor that Bowen and McNamee had sustained themselves by selling their new marble store to W. B. Astor for cash. Contradicted; Mr. Astor in Europe. Every symptom of an approaching panic. New York bank stocks fell from 3 to 5 per cent.

Sept. 11th.—No change, but tendency downward. Another dismal Saturday.

Sept. 12th.—Sunday.

Sept. 14th.—Wesley & Co., stock brokers, suspended, after having paid \$100,000 differ. Board of Brokers resolve to restrict time sales to

30 days. Many very large failures. Am. Ex. bank, 92½; Del. and Hud. 105; Reading, 47; N. Y. Central, 70.

Sept. 15th.—Reports of extreme stringency in Philadelphia, Cincinnati, and Chicago. New York bank statement encouraging; specie increasing. Alarm beginning to be felt for the Central America.

Sept. 16th.—Increasing alarm for the Central America. Market feverish. Money at unheard of rates. Slight decline on most stocks.

Sept. 17th.—The loss of the Central America announced. Anxiety for the passengers drew off attention from the effect of the calamity on the times. Total loss, including gold in hands of passengers and the value of the ship, about two and a half millions. No insurance on ship; half a million gold only insured in New York.

Sept. 18th and 19th.—Market depressed, but quiet; slight decline in most stocks; Erie, 17½.

Sept. 20th.—Sunday.

Sept. 21st.—Failure of Persse & Brooks, Cyrus W. Field & Co., paper dealers. Immense failures in Philadelphia, Caleb Cope & Co. among them. Intense pressure everywhere. Am. Ex. bank, 91; Ohio Life and Trust, 3½; N. Y. Central, 67; Illinois Central, 89; Panama, 81; Erie, 16½.

Sept. 22d.—Bangs, Bros. & Co., booksellers, failed, with many other important houses. Run on the Philadelphia banks.

Sept. 25th.—Philadelphia banks partly suspended specie payments. Universal bewilderment and panic. Decline of all stocks.

Sept. 26th.—Total suspension of Philadelphia banks. All eyes directed to New York banks. Am. Ex. bank, 88; Metropolitan bank, 90; Bank of Am. 100; Ocean bank, 75; Del. and Hud. 103; Panama, 78; Erie, 15; Reading, 37; Illinois Central, 87; N. Y. Central, 66. Another of the Saturdays!

Sept. 27th.—Sunday.

Sept. 28th.—Bank statement looked for with extreme anxiety. It was thought encouraging. The contraction had proceeded to \$13,500,000 in six weeks—as though so much money had been annihilated! Thirteen presidents of banks formally declared that the New York banks would *not* suspend.

Sept. 29th.—Crisis in Chicago: many failures there, and panic. New York full of rumors. Failures very numerous, but few important. Erie Railroad hard pressed, and meeting called of stockholders. Bank of Am., 98; Metropolitan bank, 76; Del. and Hud. Canal, 98; N. Y. Central, 60; Erie, 13. Upon the whole, a better feeling in the city.

Sept. 30th.—Further decline in stocks. Business men in chronic panic. Money all but impossible to get at any price.

Oct. 1st.—Four banks in Louisville suspended. No improvement in money. Erie, 10½; N. Y. Central, 54. All bank stocks lower.

Oct. 2d.—Absolute panic. Michigan Central fell 10 per cent. under the announcement that the October dividend would be retained. Farmers and Mechanics Bank of Williamsburgh suspended. The great failures were, P.

Chouteau Jr. & Co. (five), Lawrence, Stone & Co. of Boston. Am. Ex. bank, 70 ; Reading, 31 ; N. Y. Central, 54.

Oct. 3d.—The hard Saturday. Thirty-five millions to pay. The struggle was desperate, and, on the whole, successful. Few notes protested. The suspension of the large house of Clark, Dodge & Co. was the disaster of the day. Every one felt greatly relieved at the close, and even the croakers thought the worst was over. Bank of Commerce, 78 ; Del. and Hud. Canal, 90 ; Reading, 25½ ; Illinois Central, 75 ; N. Y. Central, 51.

Oct. 6th.—The Bank statement this morning affected business very unfavorably. The fatal contraction had continued, and the banks showed less strength than had been expected. Decrease in loans and discounts, \$1,855,934 ; decrease in specie, \$1,926,682 ; increase in circulation, \$77,794 ; decrease in deposits, actual, \$4,120,498. The great Pacific House of Willets & Co. stopped, and the American Exchange Bank refused the drafts of Sather & Church, of California. Money was next to impossible. N. Y. 6s, 90 ; Merchant's Bank, 92 ; Metropolitan Bank, 72 ; Rutger's Fire, 106½ ; N. Y. Central, 52. Three Hartford Banks suspended. Better feeling in Boston. Extra session of the Pennsylvania Legislature began.

Oct. 7th.—Increased depression in consequence of the Bank statement. Rumors and forebodings on every hand. N. Y. 6s, 90 ; Bank of America, 92 ; Am. Ex. Bank, 69½ ; Metropolitan Bank, 70 ; Erie, 10½ ; Reading, 27. Among the failures announced to-day are Mellis & Ayres, Blake & Brown, Bulkley & Co., all dry goods ; Mark J. King, furs, and several others.

Oct. 8th.—Bowen & McNamee suspended ; also, W. G. Lane & Co. Great panic, and very numerous failures. N. Y. 6s, 90 ; Metropolitan Bank, 60 ; Am. Ex. Bank, 65 ; N. Y. Central, 52 ; Reading R. R., 27 ; Illinois Central, 80.

Oct. 9th.—The Harpers suspended. Run on the Park Bank for a few hours. Bowery Bank suspended after a run. Meeting of Bank officers at the Insurance Buildings ; no concert agreed upon, and no result of the meeting. Failures numerous and very heavy. N. Y. 6s, 91 ; Illinois Central Bonds, 65 ; Metropolitan Bank, 60 ; Bank of Commerce, 70 ; N. Y. Central, 52 ; Erie R. R., 9½ ; Harlem, 7.

Oct. 10th.—Erie Railroad Company, Michigan Central, and Illinois Central failed to meet their engagements. Failure of John N. Genin, Seymour & Co., Corning & Co., and a score of others. Run on several of the Savings Banks General panic and paralysis. By far the worst day of the revulsion, thus far. Erie, 7½ ; Metropolitan Bank, 58 ; N. Y. 6s, 91 ; N. Y. Central, 53 ; N. J. R. R., 100 ; Bank of Commerce, 68½.

Oct. 11th.—Sunday.

Oct. 12th.—Grocer's Bank stopped. At the Clearing House, to-day, the officers of the New York banks formally declared a resolution to maintain specie payments to the last. Complete anarchy in the stock market. Erie 8.

Oct. 13th.—The end!! At ten in the morning, a run of depositors for gold began on all the weaker banks in New York, and, before the hour of closing, the following were compelled to suspend :—Broadway Bank, Ocean Bank,

Irving Bank, Leather Manufacturers' Bank, North River Bank, Merchants' Exchange Bank, Marine Bank, New York Exchange Bank, St. Nicholas Bank, Butchers' and Drovers' Bank, Tradesmen's Bank, Artisans' Bank, Citizens' Bank, Bull's Head Bank, Chatham Bank, People's Bank, Market Bank, Bank of New York, and the Hudson County Bank, Jersey City. In the evening at a meeting of Bank officers, it was ascertained that the total amount of gold in the remaining banks was little more than five and three quarter millions, and it was agreed to suspend. The excitement throughout the city is too fresh in every one's recollection to require remark.

Oct. 14th.—All the city banks suspended except the Chemical, which also held out in 1837. Suspension in Boston, etc.

PRICE OF FLOUR.

		Oct. 1, 1856.	Oct. 1, 1857.	Decline.
Superfine State,	- - - - -	\$6 50	\$4 50	\$2 00
Extra State,	- - - - -	7 00	4 75	2 25
Western Superfine,	- - - - -	6 75	4 50	2 25
Extra Western,	- - - - -	7 10	5 50	1 60
Canadian extra,	- - - - -	7 50	5 50	2 00
Southern extra,	- - - - -	8 00	5 65	2 35
Georgetown, &c.,	- - - - -	9 00	5 50	3 50

THE VICISSITUDES OF COMMERCE.

A few months since, the partner of a commercial house in this city was taken to a lunatic asylum, utterly deranged, as was said, by his unparalleled prosperity in business. During the year previous his firm had cleared \$1,800,000. He died in the asylum, and his own estate was valued at \$2,500,000, all invested in the concern of which he was a partner. The firm itself failed the other day, and is now said to be utterly insolvent. One item of the assets of the deceased's estate was a thousand shares of the Illinois Central Railroad stock, which was selling at the time of his decease, at \$140 a share, and which was worth, after paying up the instalments, \$800,000. The same property sold yesterday at public sale at \$50,000.

All this occurred within eighteen months—the prosperity, the insanity, the decease and the insolvency.—*Evening Post.*

THE NUMBER OF FAILURES.

It is not possible to arrive at the whole number of failures during the last eight weeks. About 260 have been reported, but, including those not reported, and those of too little importance to be reported, it is probable that not less than 500 houses have failed since the pressure began. The entire liabilities of these houses are certainly not less than 50 millions of dollars.

THE CAUSE OF THE REVULSION.

For every general revulsion, like that of 1837 and 1857, there are remote causes as well as the immediate and exciting cause. The immediate cause of the present revulsion is known to every one. It was the bank expansion of the last summer, succeeded by the sudden contraction of the past few weeks.

HOPE FOR THE FUTURE.

The practical effect of the contraction, here and elsewhere, has been to reduce the *quantity of money* in circulation by more than 200 millions of dollars! Hence, the scarcity of the article—hence, the bankruptcy, the panics, the paralysis.

But the remote and *real* cause of this, and every other genuine business revulsion, is a previous *destruction of value*, which the credit system has mitigated and concealed. This previous destruction of value has been owing to the following causes:—

Unprofitable railroads.

Railroad financing to sustain companies really bankrupt.

Falling off in emigration from one-third to one-half.

Stagnation of the shipping interest since the termination of the Crimean war.

Excessive building of dry goods and other palaces in New York, Chicago, and other cities.

General unprofitableness of trade with California for two years.

Extremely embarrassed manufacturing interest for two years. Many establishments in New England run at a loss.

Excessive importation of ornamental goods from Europe.

Suicidal importation of useful articles which ought to be made here.

Land speculation in the West for the last five years.

Abuse of the credit system—(credits of 6 and 8 months must be abolished.)

Ladies' voluminous, costumes causing the *waste* of perhaps one hundred million yards of valuable goods.

A too rapid absorption of the Western lands—leaving half a dozen states behind to get to Kansas, Nebraska, etc.

General neglect of the homelier and manlier occupations, particularly farming; and excessive fondness of the meaner callings—such as store-keeping, banking and speculation.

Loss of two millions in the Central America.

HOPE FOR THE FUTURE.

"What resources have we abroad to depend upon? And what aid can Europe give us during the coming year? These questions are of vital importance, and will be asked and answers given in domestic as well as commercial circles.

"We can best resolve the problem by a consideration of the effect of the panic of 1837 upon our foreign trade. Not that our troubles are as great, but, they are of a similar kind; otherwise the comparison would not hold good. We give some statistics illustrating the changes at that time in our foreign trade, and from this we can form some estimate of our foreign trade for the next year.

Statement of Foreign Commerce of the United States for a Series of Years.

Years.		Exports.	Imports.
1836.	:	\$128,600,000	190,000,000
1840.	:	132,000,000	107,000,000

EXPANSION AND CONTRACTION OF THE N. Y. BANKS. 45

"From this we see the exports in four years increased four millions, while the imports decreased eighty-three millions, or showing an improvement in our foreign balance of eighty-seven millions of dollars. The reaction, that took at that period *four years* to produce, will *now* be produced in *twelve months*.

"The Commerce of the United States for the fiscal year 1836, was as follows:—exports, \$327,000,000; imports, \$315,000,000. The decrease in imports from 1836 to 1840, was 48 per cent., and the increase in exports was 3 per cent. Applying the same per centage of increase and decrease to the trade of 1856, our commerce for the present fiscal year would be as follows:

	Year 1857-58
Exports,	\$437,000,000
Imports,	<u>286,000,000</u>
Balance in our favor,	\$151,000,000
Add California Gold,	<u>40,000,000</u>
	\$191,000,000
Debt due Europe,	<u>40,000,000</u>
Balance,	\$151,000,000

"From this we see that if Europe remain solvent the balance due us, after paying the debt which is now due to Europe, will be over *one hundred and fifty millions* of dollars.

"This is an under estimate of our exports. The Emperor of France has just issued an edict forbidding the export of grain from France. The imports of cotton into Great Britain from India this year will be nominal. Great Britain will want our flour and provisions for her Indian army. Enough has been given to show that our exports must increase, and our imports are subject to our own control. Europe must have our cotton and breadstuffs, and India our provisions. The gold from California must stay with us. This aid we did not have in 1837, and is in itself alone sufficient to ensure our recovery.—*Courier & Enquirer*.

EXPANSION AND CONTRACTION OF THE NEW YORK BANKS IN 1857.

1857.	Liabilities, consisting of Deposits and Circulation.	Specie.
January 3 -	- \$104,000,000	\$11,172,000
April 4 -	- 106,000,000	11,538,000
July 3 -	- 108,000,000	12,839,900
August 15 -	- 101,000,000	11,360,900
August 22 -	- 98,000,000	10,197,000
August 29 -	- 93,000,000	9,201,000
September 5 -	- 88,000,000	10,227,000
September 12 -	- 85,000,000	12,181,000
September 19 -	- 84,000,000	13,556,000
September 26 -	- 81,000,000	13,327,000
October 3 -	- 76,000,000	11,400,000
October 10 -	- 71,000,000	11,476,000

The circulation varying very little from \$8,000,000. The increase or diminution of discounts is shown in the deposits.

CHAPTER VIII.

OPINIONS OF DISTINGUISHED PERSONS AND PRESSES, AS TO THE CAUSES OF THE PRESENT REVULSIONS.

The pulpit and press have teemed with suggestions and explanations respecting the present difficulties. We select the following, leaving the reader to make his own reflections upon them.

Horace Greeley upon the Causes of the Revulsion.

"1. Reduction of duties¹ by the Tariff of 1846, stimulating importation of foreign Metals, Wares and Fabrics at the expense of Home Manufactures.

"2. Constant and heavy increase of our indebtedness, foreign and domestic. The Iron which our artisans should have made being purchased abroad, State stocks, Railroad bonds and private credits were sent abroad in payment for it. This increase of our foreign debt strongly stimulated a corresponding expansion² of credit at home. Railroads being constructed with the proceeds of bonds sold in Europe, the merchants living near their several lines bought goods in the great seaports on credit, the products of their vicinity were consumed by the Railroad laborers, and there was nothing but Railroad bonds with which to pay for the goods. These were sold somehow, and part payment made; but the indebtedness of the interior to the seaboard, of the seaboard to Europe, was constantly increasing. At last, the market for bonds was glutted; no more could be sold, even by the cord, and—you see what inevitably followed."

HENRY WARD BEECHER ON STOCK GAMBLING.

"There is no more sin in buying and selling stocks than in buying or selling bank bills, or any species of property. But it is one thing to buy and sell legitimately, and another to buy and sell as gamblers do.

"Many honorable men pursue an honorable business in the brokerage of stocks. But it is quite notorious that millions and thousands of millions of dollars of stock are sold every month under the lawful forms of the Stock Brokers' Exchange, which can be shown to differ in no moral or material respect from undisguised gambling. It is not necessary to enter minutely into the distinctions between right and wrong in buying or selling of stocks. It is enough to say, that he who buys stock as a *bona fide* method of investing his funds, looking for dividends, or for some benefit from the interest represented by the stock, buys legitimately and without moral blame. But that whole scheme of buying stocks for no other purpose than to make money upon the bet that they will rise or that they will fall, is a scheme of gambling. Men that do it are gamblers. All the soft names on earth cannot be dissolved to make a varnish strong enough to cover the real wickedness. Men will resent the imputation. No man likes to be called a gambler. But the way to avoid the title is to avoid the thing.

"In this gambling game the whole community have more or less participated. Some devote their time to it. Since my day, I remember, I think, one concern to have failed four times—it fails to-day, is on its feet to-morrow, in as good credit as ever. For when the business is a fraud, and the customs of it are dishonesties, it does not take a man long to repair any little cracks in his reputation.

"Merchants are forsaking their legitimate business and dabbling in this pool. Their clerks following their example, gamble too. Simple men, seeing these marvels of success, venture their hard earnings, and go to gambling likewise. The lawyer follows suit; and that there may be no want of moral sanctity, ministers of the Gospel are found, not a few I am informed, secretly buying and selling stocks.

"Now, when the company themselves are gigantic speculators by fraudulent and dishonest means; and when the stock of the company goes up and down the street, carrying in its hand a bowl drugged with gambling, and crowds rush to drink its intoxication, is it strange that, at length, the head is sick, the whole body faint, and that the commonwealth lies at length upon the ground, wallowing like one possessed, foaming and rending itself?

"It is supposed that there are *one thousand* million dollars invested in railway property. Can this mountain of power be used against good morals, against commercial prudence, and the country not reel and stagger? Can this prodigious weight be cast rudely hither and thither upon the deck, and the keel lie level? There is not an honest man in the land, patiently conducting a legitimate business, who is not in the power of these irregular forces. There can be no permanent security, if financiers can, at pleasure, draw up such enormous elements of power, and hold them suspended, like water spouts, to burst and flood down desolation, the moment they are touched with misfortune. And if commercial men will not draw tight the reins of morals upon these unprincipled men, they will have their own neglect to thank for the mischiefs which will have come upon them in some sense by their connivance."

THEODORE PARKER ON THE REVULSION.

"*There is great extravagance of expenditure.* Perhaps no minister was less severe on the indulgence in luxuries than he was, because he saw the functions they performed; and, besides, he never saw a house too comfortable for men and women, or dresses too elegant, though he had seen a great many houses and dresses too costly for the wearer's means. Look at the general style of dress among women—its exceeding costliness; not only among our rich, but everywhere, except among the very poor, who would, but cannot. The fault is not with the women, who bear all the blame, and are the butts alike for the satirist's wit and the minister's dullness. If men wished women to be clad in sackcloth, it would be done before to-morrow night; for though woman has a greater love of decoration than man, it is far less than her desire to please him. And, indeed, the very love of dress is with her more a love of pleasing others than a feeling of self-satisfaction. Then comes the increased cost of ships, houses, shops, banks, offices, and the like, which renders the transaction of business more costly. Then there is the increased expense of city, town and State governments, and the foolish and wicked waste of municipal money. Though the property of Massachusetts has increased tenfold within a few years, the ratio of taxation has doubled, and in some cases trebled. Then there are the idlers. In the town of Somewhere lives Mr. Manygirls. He is a toilsome merchant, his wife a hard-working housekeeper. Once they were poor, now ruinously rich. They have seven daughters, whom they train up in utter idleness. They are all do-nothings. They spend much money, but not in works of humanity, not even in elegant accomplishments, in painting, dancing, music and the like, so paying in spiritual beauty what they take in material means. They never read nor sing; they are know-nothings, and only walk in vain show, as useless as a ghost, and as ignorant as the block on which their bonnets are made. Now, these seven 'ladies,' (as the newspapers call the poor things, so insignificant and helpless,) are not only idle, earn nothing, but they consume much. What a load of finery is on their shoulders and heads and necks. Mr. Manygirls hires many men and women to wait

on his daughters' idleness, and these servants are withdrawn from the productive work of the shop or the farm, and set to the unproductive work of nursing these seven great grown-up babies.

"On the other side of the way, Hon. Mr. Manyboys has seven sons, who are the exact match of the merchant's daughters—rich, idle, some of them dissolute—debauchery coming before their beard—all useless, earning nothing, spending much and wasting more. Their only labor is to kill time, and in summer they emigrate from pond to pond, from lake to lake, having a fishing-line with a worm at one end and a fool at the other. These are the first families in Somewhere. Their idleness is counted pleasure. Six of these sons will marry, and five, perhaps, of Mr. Manygirl's daughters, and what families they will found, to live on the toil of their grandfather's bones, until a commercial crisis, or the wear and tear of time has dissipated their fortune, they are forced reluctantly to toil!

"Besides, there is an enormous waste of food, fuel, clothing, of everything. *We are the least economical civilized people on the earth.* Of course, the poor are wasteful everywhere. They do not know how to economize, and they have not the means. They must live from hand to mouth, and half of what is put into the hand perishes before it reaches the mouth. So likewise are the rich wasteful who have inherited money—almost never such as have earned it. The great mass of the people are not economical, but wasteful—it is the habit of the whole country.

"The next cause is the rashness of experiment, leading men to engage in enterprises not well planned, and which turn out ill; cost much and come to little. Hence come attempts to develope new forms of industry, or old forms in new places; the building of railroads in advance of population, or in advance of business, and the great increase of shipping. But this is a failing that 'leans to virtue's side.'

"Then the spirit which prevails in our trade is not a very honest one. He would not say that we were worse than other nations; he was sure we were better, juster, more honest than our fathers were 100 years ago. The wealthiest merchant who did business in this city 50 years ago, would not be tolerated on 'Change a single day. But look at the defalcations of men intrusted with public funds—look at the great swindlings by officers of railroads and banks—remember how lightly all these things are passed over, and how very seldom a great thief gets punished at all—remember that men fail in trade, leaving half a million of debt, and one-tenth of a million to discharge the debt—remember how the Pacific Company put \$1,600,000 in gold of other men's property, and 600 of their living bodies into a ship, with only six boats, and no pump that could throw water—in a ship that had a reputation so bad that she could not be kept afloat without changing her name, and making the *George Law* the *Central America*—and then you see what a spirit there is in our trade.

"Our system of buying and selling is a very bad thing. It encourages extravagance by putting off pay-day; it makes the transaction of business more expensive, by necessitating a great number of clerks; it gives opportunity to temptation and fraud; it produces a general unsoundness in trade, and so increases the cost of every pound of bread we eat, every inch of cloth we wear, every brick we pile into our walls, and every slate which roofs our houses. It seems to be cheap, it turns out to be dear.

"Here is another cause—the great and controlling one. *We make money out of what has no intrinsic value—out of paper.* All property is the product of labor. To distribute from the producer to the consumer, there must be trade. For that, there must be money, which is simply the instrument of trade—a labor-saving machine to promote buying and selling. After much experimenting, mankind has taken gold and silver, and therof made money, the instrument of trade, the medium of commerce. Gold and silver are pro-

perty, and so represent the labor requisite to acquire them ; they are transferable property, and, of course, subject to the laws of property ; they rise and fall in value, and no legislation can prevent that, any more than iron or tin ; yet, commonly they fluctuate less than any other substance that could be chosen. They are condensed property. And not only are they the medium by which debts are paid, but they are the standard measures of all value. Gold or silver made into coin has no more value than before. At the mint the government puts a stamp upon it, which is simply a national certificate that it has a certain purity, or comes up to a certain weight. It is a certificate of value, not a *creating* of value.

"Now, in America, we make fictitious money out of a piece of paper, which contains somebody's promise to pay a dollar, and this becomes an instrument of trade, by which debts are paid, and the standard measure of value. Unlike the metallic dollar, the paper dollar has no intrinsic worth—is not property, only the lawful representative of property. We have chartered some twelve or thirteen hundred banks in the United States to manufacture this substitute for metallic money, on condition that when the paper is brought back, they shall pay a metallic dollar for it. A bill, which is a promise to pay, is taken in payment of debts, said to be as good as gold ; a certificate of debt is taken instead of a certificate of property. As there is little demand for metallic money, that is carried off. Like all other merchandize, it brings the highest price where it is needed and used the most. It is not to be denied that there is a certain convenience in this, especially attending large transactions ; but in using it in small sums, there is this great inconvenience. As paper costs little labor, and is yet taken for the representative of value, and so a certificate for labor done, it is multiplied to a great extent. Then money is cheap and prices go up. The farmer gets two dollars for his bushel of corn—that is, he gets the promise to pay two metallic dollars. Wages rise ; the laborer gets more paper money for his work, but his grain, cloth and coal also rise, and he gets no more value than before. Accordingly, as prices rise, it costs more to manufacture than before, and so we import the products of labor from abroad, where there is little paper money, and prices are low.

"As we feel rich, because money is plenty, and all men say it is as good as gold, we import largely articles of comfort and luxury, and send abroad our raw materials in payment, to be brought back manufactured goods. But by and by the raw material is not quite adequate to pay our foreign debts—for our paper money is good for nothing abroad ; our foreign goods, sold at paper prices, must be paid for in metallic money—and specie runs out of the country. Then the banks, not having the actual metallic money to pay, refuse to circulate their bills ; money becomes 'short,' 'tight,'—there is a pressure in the market ; money is worth more than before, goods are worthless ; merchants who have bought goods on credit, and sold them on credit, cannot meet their payments, and, accordingly, must sell their permanent property to meet their payments, or else pay enormous rates of interest—for money is merchandise, and, when scarce, like bread in a besieged city, it goes up to famine prices. Stocks fall in value ten, twenty, thirty, forty, even fifty per cent. Capitalists become distrustful, and even refuse to loan at all. Traders fail, and give up their permanent property to their creditors ; it is sold at a reduced value ; the trader loses half, but the creditor is only half paid.

"The inheritance of birth, the earnings of a long life are at once swept away. In his old age, the thrifty merchant is left with nothing. Timid men withdraw their money from circulation ; it lies still, and an idle dollar is just as useless as an idle spindle, or an idle axe. Great enterprises stop. Men are thrown out of employment. Hunger looks through the windows of a thousand homes, making ugly mouths at wives and babes.

"We take great pains to prevent this evil. We try legally to fix the value of this paper money we have created, and threaten to punish every man who

loans it at more than six per cent. We might as well say that water should not run down hill. We have tried to make that money which is no money, which represents no labor done, and we cannot escape from the consequences of our first false principle. We wonder that specie does not stay in the land ; it is because we think paper money is just as good, and France and England do not. It rains gold, and we hold out our dish bottom upwards—of course it is empty. We complain that there is a lack of specie in our country. In the last twelve months we have exported more than sixty-nine millions of gold from this very land."

REV. DR. CHEEVER'S OPINION.

"God had never put into any nation's framework better machinery than he put into this nation, but when the fires of prayer, and truth, and honesty go out, the machinery ceases to work, and there is no hope left. Their only hope now was in prayer. Wealth could not save them ; experience could not save them ; the constitution could not save them, especially when misinterpreted and tortured. Nothing could save them but God. God saves by his word, and by obedience to his word—not by adding his word to the shelves of a bible society, but by obedience to his word. That is what God desires to see ; and he will see it or this people will go to destruction."

THE CAUSE AGAIN.

"When a man earns more than he spends, he is sure to grow rich, and his circumstances are easy. So it is with a nation. Let us look a little to our trade for the past twelve years. In this time we have sent out of our country \$353,373,980 in hard money, or gold, which is the basis of all credit. We have, in the same time, imported \$92,166,864 of money, leaving a difference of \$261,267,116 sent out of the country in twelve years last past, over and above what we have brought into it. What spendthrifts we have been ! We last year imported \$360,890,141 of goods, mostly manufactured articles. In the article of dry goods, we imported \$80,000,000 ; why have not our factories made these articles ? Because our exchange brokers and foreign traders, and those who own slaves, have told us not to do it. We have obeyed the Slave power, and hence distress has come upon us. If we look at our iron trade, we find that in the last twelve years we have imported 4,070,330 tons of railroad iron alone ; which at \$55 a ton, amounts to \$223,867,215, gone out of the country for one article—not a pound of it but should have been made by our own people ; we want railroad iron brought into the country no more than we want paving stones. Every ton of iron contains twenty-five days labor ; would it not be a good thing to take this iron out of our own mines ? But our brokers and foreign traders have persuaded us to send abroad for this iron, which has been the means of taking so much money out of the pockets of our people. We now find 750 ships and vessels lying up idle in our own port of New York, such is the paralysis of the trade to foreign countries ; we have no money, and we are all thrown out of employment : we have sung the song of free trade until our people, our manufactures, our shipping, all have become involved in one general ruin."—*Times*.

WHAT THE BANKS HAVE DONE.

"We have only to look at the floating debts of our leading railway companies to form a pretty good idea of the way our banks have disposed of their money. The mercantile classes have not been the recipients of their usual portion of bank loans. The railroads could afford to pay better prices for money, and they therefore had the preference. The floating debt of the

Michigan Southern Railroad Company amounts to about \$2,000,000; the Erie Company, \$2,000,000; Cleveland and Toledo, 750,000; Hudson River Railroad, \$500,000 at least. Illinois Central, \$3,000,000, Michigan Central, \$1,800,000; and others prominent in this market to full five millions more—making a total of \$15,000,000, the bulk of which is held by the banks in this city. Their resources to this extent are locked up in these securities, and not many weeks since, with this revulsion right upon us, the Erie Railroad Company raised from certain banks in Wall street, \$6000,000 more. Instead of lending money to the full line of their loans to the commercial classes doing a legitimate business, the banks have locked up full \$15,000,000 in railroad acceptances, which are not worth on an average forty cents on the dollar. We have in this fact the first great cause of the collapse.—*Herald*

BANK ARISTOCRACTS.

"We suspect that one of the great causes of the mischief lies in the inequality of our banks, the President of the larger banks putting on aristocratic airs, and compelling the smaller institutions to follow their bidding. There is a very great difference in these institutions; the head of five millions of dollars very naturally looks down with a feeling of contempt upon the representative of only half a million. It would be greatly for the benefit of the community if our banking institutions were more nearly on a level, as to the amount of their capital; there would then be fewer of them, and our bank Presidents would act together on terms of greater equality."—*Herald*.

NATHAN APPLETON'S OPINION.

"I have for many years been withdrawn from active business. I have been merely a looker on, but not unobservant of the course of trade, and especially of our banking operations.

"Our system of currency is a delicate one. It is founded on bank credits, resting on a very moderate basis of coin. When perfectly balanced, it works very well, but a slight derangement may produce a great deal of mischief. The great disturbing cause is a demand for specie for export, which can only be checked by a contraction of the bank credits. During the present year we have been going on very smoothly, under full sail, when about the middle of August, a sudden squall strikes us, which continues to increase to a terrific hurricane, threatening even to swamp the ship itself. The question arises, How comes all this about? what is the cause?

"New York is the great central banking power. She sets the key-note to the whole country. If she expands, the whole country expands. If she contracts, it is felt to the remotest extremities. It is a tremendous power—that of increasing or diminishing the circulating medium of the whole country. It is a deep responsibility, and demands sound discretion and much wisdom in its regulation. Unfortunately there appears to be no unity of action, no controlling principle, in the management of this power. It is divided between fifty-five banks, each acting its own separate part, under the influence of different opinions and different interests. Banks are public institutions; they are founded for the public good; and the duty of consulting the good of the community in the use of their great power is as sacred as that of providing for their own safety. There is, apparently, no individual of sufficient influence to bring this heterogeneous mass to unity of action in a crisis like the present, as was Albert Galatin, while he lived.

"The circulating medium of the city of New York consists in the liabilities of her banks in the form of deposits and circulation. Their daily loans and discounts increase or diminish these liabilities. As these liabilities are greater or less, is money plenty or scarce. They constitute the fund out of which all operations must be performed.

"*Hunt's Merchants' Magazine* contains tables of the weekly returns of the banks of the City of New York for the years 1856 and 1857, which furnish a complete view of their operations. They throw a flood of light on the present state of things. The return for January 3, 1857, shows one hundred and four millions of liabilities, with \$11,172,000 in specie.

"This varied very little from the returns of the preceding six months, and this state of things continued with little change, but with a slight tendency to increased expansion, up to the 15th August. The greatest expansion was on the 2d of May, when the liabilities were 108 millions, with 12 millions of specie. The returns of 15th August shows 101 millions of liabilities and 11,360,000 specie. From this a rapid contraction commenced, the liabilities being reduced on 5th September to 88 millions, with 10,227,000 of specie. Here the contraction ought to have ceased. The object was to stop the export of specie. That had been done. Exchange on London had fallen below the point at which specie could be shipped without loss. Can any mortal man give me a reason, or an apology, why contraction should continue a day after this point had been reached? The banks were then stronger than they had been for two years. But contraction did continue until, on the 3d October, the liabilities had been reduced to 76 millions—thus reducing the circulating medium of New York City, from July, 32 millions, or upwards of thirty per cent. Tremendous! Was the like ever known in the history of banking? I have no hesitation in saying, it is this continued contraction of the New York banks, since the 5th of September, without the slightest necessity, which has brought about the present disastrous crisis.

"There was no decided overtrade. There was no speculation, except by a few houses in sugar. There was, no doubt, an excess of imports, but no greater than for several years, and the effect of these was wholly cured on the 5th September, by the rate of exchange on London. Why continue contraction further? Was not 88 millions, with 10½ millions of specie, being 11½ per cent., as safe a position as 104 millions in January, with 11 millions of specie, or 11 per cent. on their liabilities?

"There is but one answer: The New York banks have been acting under a panic, and that panic they have communicated to others, until there is almost a total loss of confidence: The consequences are before us, in the paralysis of all trade from Bangor to New Orleans, the stoppage of banks through a great part of the United States, the stoppage of factories, the discharge of thousands of laborers, the inability to bring our large crops of produce to market, the ruinous rate of two or three per cent. per month on the strongest paper, a ruinous depreciation in the price of all stocks, and even on exchange on London. In my whole experience I have never known a crisis so severe as the present, and, I must say, so wholly uncalled for.

CHAPTER IX.

PRACTICAL SUGGESTIONS FOR CURING AND ENDURING THE PRESENT TROUBLES.

FROM the thousands of valuable suggestions respecting the cure, prevention, and endurance of Financial Revulsions, which have appeared during the last few weeks, we present the following:—

PRACTICAL SUGGESTIONS.

CARRY LESS SAIL.

Men must learn that fortunes are the reward of a life of economy, thrift, and industry, and that small and certain profits are better than speculations, usurious bargains, and stock gambling. Move out of the big houses; sell the lace, satin, and damask, which you have purchased with money that should be invested in your business; discharge the coachman and unnecessary house-servants; take the silk and satin off the girls, and let the boys walk; pay your debts; keep within the limit of legitimate business, and we shall hear of no revulsions, nor panics that you cannot meet, without fear and without reproach.

PAY ALL YOU CAN.

If we cannot pay to-day, let every man forelay a little, and try to pay to-morrow. No man should, in these times, be inexorable, and, in the madness of desperation, oppress his neighbor; while, on the other hand, none should presume too strongly, either on the ability or kindness of those to whom he is indebted. Let every one try and do his duty. If he cannot pay all, let him, at least, try and pay something; for every dollar paid is a positive relief, so far as it goes; and when all the dollars are paid, every one will breathe freer, confidence will be restored, and business will begin to flow with renewed activity through all its accustomed channels.

HALF A LOAF BETTER THAN NO BREAD.

Manufacturers, whose resources are not sufficient to carry them through the winter without the certainty of stoppage, would do well to commence their retrenchments at once, so that they may be enabled to avoid that distressing necessity. By putting their men on half-time now, they will be able probably to pass safely through this critical period, and thus afford to a large body of industrious mechanics some resource against starvation. This would be better than continuing a month or two longer in full operation, and then stopping short, when the rigors of the winter would render the effects of the suspension disastrous to a number of poor families.

MECHANICS THIS WINTER.

To mechanics we say: Practice for a time the most rigid economy—deny yourselves everything that your necessities do not absolutely call for—spend no money on superfluous dress or idle junketing—recollect that the lives of your wives and children depend upon your foresight and economy. Every dollar spared now will be worth ten when the horrors of a such a winter as that which we have reason to anticipate will come upon you. The mechanic who gratifies unnecessary tastes or appetites in presence of the dangers which are threatening his family, we look upon as criminal.

THE WINTER IN THE CITIES.

As the large cities are likely to suffer most, from the number of sufferers who will crowd in upon them during the pressure of the severe season, the municipal authorities should everywhere take care to anticipate, as far as possible, the heavy calls that will be made upon them. Thus, wherever there are works in contemplation which are likely to give employment to the laboring population, steps should be taken to complete the arrangements for putting them into operation. It is better to pay large sums for useful, or even ornamental works, than to have to dole them out in eleemosynary aid. By facing the difficulties that threaten us manfully, and making timely provision for them, we may pass over the winter without having to lament any extraordinary aggravation of suffering.

KEEP OUT OF NEW YORK.

Business of every sort is stagnant here, as it is everywhere else. Manufactories and workshops are either closed or more than supplied with hands already. There is not a job to be done which has not already at hand twice the number of workmen required to complete it. Keep away from the city, then. Stay where you are known, and where you can struggle through the impending want of winter, with at least some friends and acquaintances to help you, or give you an occasional cheering word.

SELL DRY-GOODS ON FOUR MONTHS.

It is sufficiently obvious that the difficulties under which the commercial world is laboring result, more or less, directly from the abuse of credit, and that a very considerable share of that abuse occurs in the dry-goods trade. The usual length of credit among this class of merchants is eight months, while the importer's credit never exceeds five months, and in many cases does not amount to so long a time. Therefore there is against the importer a balance of three months' time—a very serious consideration—which is rendered more so by the continual risk he undergoes in giving that amount of credit, which enables the retailer to purchase goods for both the fall and summer trade before paying for any. We are aware of the difficulties which beset a determination to alter an existing state of credit, but is it possible for any country to do a safe business on so unsound a principle? When will a better time than the present present itself for our merchants to combine for their mutual advantage? Why not at once take measures to concert a combined reduction of their term of credit to four months, and form the nucleus of a really sound business system? The railroad and telegraph have long since removed the only excuse that ever existed for long credits, and the merchants may as well profit by their past and present experience as wait for more of the same sort.

SHORTER CREDITS.

How instantly would disappear the pressure under which this city is now actually ground to powder if only half of the vast Western and Southern indebtedness could be realized, or if it had never been stimulated by the preposterous system of excessive credits. In those remote regions, every man not a farmer is a merchant. He sets up business without capital in a store, the rent of which is absolutely fabulous. He visits our city with letters introducing him as enterprising and industrious. Responsibility is not referred to. Yet goods are crowded on him with a folly only matched by that with

which they are purchased. He buys double the amount he needs. Why not? He has never kept store until now, and can have no correct guide from experience by which to regulate his purchases. He may be honest and deserving, and intend to pay. But a deliberate swindler, who does not, can obtain the same recommendations, presents them and his clean shirt together, obtains a costly stock of goods with the same astounding facility, and forthwith vanishes into a fog which never lifts. The annual losses from this class of men are enormous; yet the same loose system of credits receives no effective check. The honest buyer returns home with his stock, and soon discovers that he is overloaded with goods that he cannot sell. The goods that were foolishly forced on him in New York, he must force off on his neighbors at home, and, to get rid of them, sells on a credit to people who may design to pay, but who, when pushed for the amount, set up every form of procrastination. The farmers will not pay their bills because they have not sold their wheat, and they refuse to part with it, because wheat happens to be down. The storekeeper, having no capital of his own, has nothing with which to pay; and thus it is that country notes possess no convertible value. Our merchants' pocket-books are plethoric with paper of this description. It is convenient, as an evidence of debt, to be sued out with less delay than an open account upon the ledger, but it seldom appreciates to the dignity of becoming even a collateral. What position can it assume at a crisis such as this? Let us hope that among the hard lessons which the business community here is now learning, it may learn caution in its credit system, and abolish utterly the practice of these loose and indiscriminate ventures.—*Tribune.*

A LADY'S SUGGESTION.

Sewing is a peculiarly appropriate feminine employment; but it is an art, and requires an apprenticeship. We propose, in these hard times, to fill up our leisure, by learning to sew. We ought to have a law like that among the Jews, that every man shall have a trade, and add to it, that every woman shall learn to sew. It would make us better and happier, while it is really almost necessary to all. The rich would know the value of work, and how to direct it to be done; the poor would have added resources for their support and means of economy in the management of their own clothes. Much is now wasted with them from careless and unskillful making; and any one who has tried it knows how difficult it is to find a good seamstress. Much of the mournful drudgery, even such as gave rise to the famous "Song of a Shirt," arises from their want of skill. A good seamstress once asked a poor woman how many pieces of a certain kind of work she could make in a day? "Only twelve, at a cent a piece." Starvation prices, would be the cry at once; yet the seamstress took some, and made twelve in an hour, with ease. Here is the same difference always found between a skillful and an unskillful workman. Now is a good time for us all to learn to sew, not to take away work from the poor, provided we have money to pay them, but in order to help ourselves, and then to help others. Let it be an established fact, that a knowledge of sewing is as essential a part of a woman's education—every woman's—as a knowledge of reading; more so, absolutely, than writing.

STUDY THE SUBJECT.

During the coming winter many of the producing classes will not probably

be called upon to produce anything. There will be plenty of time for reading, and instead of squandering it in the perusal of wishy-washy novels, those who are waiting for spring, and the work which we hope spring will bring with it, should read the most approved works upon Trade and Currency. We have purposely avoided recommending any particular course or doctrine. Read all you can lay your hand on—Smith, Jacobs, Bentham, Mill, Cobbett, Gouge, Carey. Read the Hard-Money men and the Paper-Money men, the Free Traders and the Protectionists. Choose between them, guided by your own good sense and experience, fully convinced that as to such matters every American owes it to himself and to his family not to stand halting between two opinions. No topics will be more fully discussed for some time to come than those of Banking and Corporations; and he will be a great way behind the times, and hardly fit to vote for the Town Constable, who does not know something about them.

CHAPTER X.

JOKES AND LITERATURE OF THE PANIC.

SONG OF THE STREET.

Rushing 'round the corners,
Chasing every friend,
Plunging into banks—
Nothing there to lend—
Piteously begging
Of every man you meet.
Bless me! this is pleasant,
"Shinning" on the street.

Merchants very short
Running neck and neck,
Want to keep a'going—
Praying for a check;
Dabblers in stocks,
Blue as blue can be,
Evidently wishing
They were "fancy free."

All our splendid railroads
Got such dreadful knocks,
Twenty thousand Bulls
Couldn't raise their stocks;
Many of the Bears,
In the trouble sharing,
Now begin to feel
They've been overbearing.

Risky speculators
Tumbling with the shock,
Never mind stopping
More than any clock;
till they give big dinners,
Smoke and drink and sup,
Going all the better
For a winding up.

Banking institutions.
Companies of "trust."
With other people's money
Go off on a bust;
Houses of long standing

Crumpling in a night—
With so many "smashes,"
No wonder money's tight.

Gentlemen of means—
Having lots to spend—
Save a little sympathy,
Nothing have to lend;
Gentlemen in want—
Willing to pay double—
Find they can borrow
Nothing but trouble.

Half our men of business
Wanting an extension,
While nearly all the others
Contemplate suspension;
Many of them, though,
Don't appear to dread it;
Every cent they owe
Is so much to their credit.

Brokers all are break ng,
Credit all is cracked,
Women all expanding
As the banks contract,
Panic still increasng—
Where will the trouble end,
While all hands want to borrow,
And nobody can lend?

Running round the corners,
Trying every source;
Asking at the Banks—
Nothing there, *of course*;
Money getting tighter,
Misery complete—
Bless me! this is pleasant,
"Shinning" on the street.

PANIC POETRY.

THE LAY OF THE DIRECTORS.

Respectfully dedicated to the Directors of the —— R. R. Co., by a Victimized Stockholder.

Who, when the times were good and bright,
And speculation at its height,
Made Railroad shares appear all right?

Directors.

Who, when my money was paid in,
Assured me that the road must wid
A large percentage on the "tin?"

Directors.

Who made the costs increase so fast,
And shared in contracts, long and vast,
And filled their pockets to the last?

Directors.

Who flattered me with hope of gains
From "branches," "air-lines," "lightning
trains,"
And "feeders," leading to the mains?

Directors.

Who, when the chance seemed rather blue
For dividends and earnings too

"Cooked" the accounts to make them "do it"
Directors

Who know the arts of financiers,
And charge fat fees as endorsers,
And turn, at pleasure, "bulls" or "bears?"

Directors.

Who, when grave doubts arise in this,
Seek lands "where ignorance is bliss,"
And think large "sells" there not amiss?

Directors.

Who swell the load of floating debts,
And set all sorts of traps and nets,
Who catch the public with their frets?

Directors.

Whom should stockholders guard with care,
Lest they be cheated, "hide and hair,"
And all their hopes prove empty air?

Directors.

Evening Post.

LINES BY BUSTER.

[NOT BY GOLDSMITH.]

When merchants fondly trust to paper,
And find too late that banks betray,
What art can help them though the scrape, or
Suggest the means wherewith to pay?

The only way to stop each croaker,
And pay the banks to whom they trust;
To bring repentance to the broker,
And wring his bosom, is, "to bust!"

Evening Post.

MONEY.

Success will gild the bitterest pill,
While failure sours honey;
The surest cure for every ill
And every grief is Money!

The bilious man will lose his bile,
The bitter cease to frown;
The inconsolable will smile
At sight of money down.

If you should wound one's finer feeling,
By being rude or rash,
And can't succeed the hurt in healing.
By gentle means, try Cash!

Business goes on by sea and land
Just as you "foot the bills."
If any job you have on hand
Sticks fast—just "grease the wheels."

There's nothing like it; 'tis as sure as
"Death or quarter-day;"
A man is never put in duress
When he's prepared to pay.

So, in the sorest pinch in life,
One friend will never fail—
Surer than father, brother, wife—
That is, "cash on the nail."

Evening Post.

"Times are improving, and men are getting on their legs again," said a gentleman to his friend. "How so?" "Why, those who used to ride down in their carriages now walk."

WALL-STREET BROKER—"Here, boy, give me a paper, and remind me to give you the coppers to-morrow morning."

NEWSBOY—"No, yer dont; we don't trust you brokers now."—N. Y. *Picayune.*

GOOD SIGN.—A man smiled on 'change yesterday, and escaped without personal injury.—*Boston Post.*

MR. JONES'S COMMERCIAL ARTICLE.

(It may perhaps be necessary to state that the commercial editor of a leading daily being ill, application was made at our office for a gentleman to do the markets for said Journal. Mr. Jones having apparently exhausted his humorous vein for the week, we recommend him. He did the work in excellent style, but for some reason or other, the editor-in-chief of the Journal al-luded to rejected his work. In justice to Mr. Jones we insert it here.)

Pea-Nuts.—The market is steady, though prices are slightly depressed, through the fluctuations in the money market. One or two heavy dealers have been severely bitten in operating for a rise. They will not get out of the corner under a heavy loss, unless there should be a sudden turn in the market. We note sales of two pecks at 48 cents, for consumption, and a bushel and a half on time, private terms. The failure of Barney McGinn, a heavy holder, is reported to-day. This is due, however, to outside speculation, rather than to his legitimate trade, and affords another warning against that speculative spirit now so rife in our land, and which, unless checked, will involve the whole commercial community in one broad blaze of ruin. Mr. McGinn might have borne his losses in the pea-nut trade, but his large and unsuccessful ventures in Musk and Water-Melons dragged him down. His own statement of his affairs is as follows :

Liabilities	- - - - -	\$2 87½
Assets :		
Pea-nuts on hand	- - - - -	\$0 26
Water-Melons (slices, and much depreciated)	0 13	
Musk-Melons	- - - - -	0 06
Memoranda against Newsboys	- - - - -	1 00—1 45
Excess of Liabilities	- - - - -	1 42½

It is almost needless to say that the memoranda are nearly totally worthless as only a small portion of the amount is covered by collateral security, and that security consists in two Sunday *Heralds* of January 3d, 1857, a Bank-Note Reporter for March, and two copies of John Dean and His Mary Ann. The creditors may therefore look for about ten cents in the dollar.

Persimmons.—Anticipation of a bad season have given greater stringency to this article than the demand for it usually justifies. Add to this, ravages of Woodpeckers and Crows, and it will be seen that speculators are justified in their expectations. Moses Taylor, the Stewarts, Mr. Heckwelder, and others, are understood to be cornering extensively for a rise. Should the expected advices from New Jersey and Tinicum, however, proved favorable, as a few confidently predict they will, the Bulls will suffer largely.

We twig sales of fifty quarts at 10 cents, buyers sixty days. One or two small lots for consumption have been contracted for at $10\frac{1}{2}$ to 11. If it were our province to give advice, we should caution outside speculators that time operations in this article at present are particularly risky.—*N. Y. Picayune.*

EPIGRAM.

[*From the French.*]

Monday, I started my bank operations ;
 Tuesday, owned millions, by all calculations ;
 Wednesday, my Fifth Avenue palace began ;
 Thursday, I drove out a spanking bay span ;
 Friday, I gave a magnificent ball ;
 And Saturday smashed—with just nothing at all.

—*Evening Post.*

THE PATIENCE OF THE POOR.

BY RICHARD MONCKTON MILNES.

When leisurely the man of ease
 His morning's daily course begins,
 And round him in bright circles sees
 The comforts Independence wins,
 He seems unto himself to hold
 An uncontested natural right
 In life a volume to unfold
 Of simple ever-new delight.

And if, before the evening close,
 The hours their rainbow wings let fall,
 And sorrow shakes his bland repose,
 And too continuous pleasures pall,
 He murmurs as if nature broke
 Some promise plighted at his birth,
 In bending him beneath the yoke
 Borne by the common sons of earth.

They starve beside his plenteous board,
They halt behind his easy wheels,
 But sympathy in vain affords
 The sense of ills he never feels.
 He knows he is the same as they,
 A feeble, piteous, mortal thing,
 And still expects that every day,
 Increase and change of bliss should bring.

Therefore, when he is called to know
 The deep realities of pain,
 He shrinks as from a viewless blow,
 He writhes as in a magic chain ;
 Untaught that trial, toil and care,
 Are the great charter of his kind,
 It seems disgrace for him to share
 Weakness of flesh and human mind.

Not so the People's honest child,
 The field-flower of the open sky,
 Ready to live while winds are wild,
 Nor, when they soften, loth to die ;
 To him there never came the thought
 That this his life was meant to be
 A pleasure-house, where peace unbought
 Should minister to pride or glee.

You oft may hear him murmur loud
 Agains the uneven lots of Fate,
 You oft may see him inly bowed
 Beneath affliction's weight on weight ;—
 But rarely turns he on his grief
 A face of petulant surprise,
 Or scorns whate'er benign relief
 The hand of God or man supplies.

Behold him on his rustic bed,
 The unluxurious couch of need,
 Striving to raise his aching head,
 And sinking powerless as a reed,
 So sick in both he hardly knows
 Which is his heart's or body's sore,
 For the more keen his anguish grows
 His wife and children pine the more.

No search for him of dainty food,
 But coarsest sustenance of life,—
 No rest by artful quiet wooed,
 But household cries and wants and strife
 Affection can at best employ
 Her utmost of unhandy care,
 Her prayers and tears are weak to buy
 The costly drug, the purer air.

Pity herself, at such a sight,
 Might lose her gentleness of mien,
 And clothe her form in angry might,
 And as a wild despair be seen ;
 Did she not hail the lesson taught
 By this unconscious, suffering boor,
 To the high sons of lore and thought,
 —The sacred Patience of the Poor.

This great endurance of each ill,
 As a plain fact whose right or wrong
 They question not, confiding still,
 That it shall last not overlong ;
 Willing, from first to last, to take
 The mysteries of our life, as given,
 Leaving the time-worn soul to slake
 Its thirst in an undoubted Heaven.

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